

# **SOUTH AMERICA**



# Argentina

## I. Summary

Argentina is not a major drug producing country, but it is a transit country for cocaine flowing from neighboring Bolivia, Peru and Colombia primarily destined for Europe. Argentina is also a transit route for Colombian heroin en route to the U.S East Coast (primarily New York). Due to its advanced chemical production facilities, Argentina continues to be a source for precursor chemicals. According to Argentine Government (GOA) statistics, there was more cocaine seized in the first three quarters of 2004 than in the entire 2003 calendar year. In addition to Argentine traffickers, there is evidence that Colombian drug traffickers have greatly increased their presence in all aspects of the Argentine drug trade. In 2004 there was an increase in domestic cocaine production using coca base imported from Bolivia. In November 2004 the Federal Police in Buenos Aires seized 32.5 kilograms of cocaine from a Colombian-run cocaine laboratory in the Buenos Aires area. This may signal a new chapter in the global war on drugs, as Colombian narcotics traffickers search out alternative bases of operations and transit routes in response to the increased pressure of Plan Colombia. Also of concern is that according to GOA statistics, domestic drug use continues on the upswing. The dangerous trends of increased domestic drug consumption and production coupled with the increased activity of Colombian drug traffickers are indications that the situation in Argentina is at a crucial point.

The GOA recognizes the increase in narcotics trafficking and consumption, and during 2004 has taken concrete steps toward combating these growing problems. In September, following ten years of negotiations, the GOA signed an INL Letter of Agreement (LOA) with the U.S., both demonstrating its increased willingness to work with the U.S. on narcotics related issues, and enabling the U.S. to begin providing assistance to the GOA. In December, the Ministry of the Interior started developing a National Security Plan targeting specifically the area of drug trafficking along its border area with Bolivia and Paraguay, and has requested DEA assistance in both the planning and execution phases of this vital process. Also in December, the GOA cabinet office in charge of prevention issues (SEDRONAR) announced plans to create the first ever national drug prevention plan emphasizing youth education and public awareness. SEDRONAR has asked Post's INL representative to be involved in the project and to assist in obtaining regional expertise from neighboring countries. Narcotics use and trafficking are important issues in Argentina, and the GOA's relationship with the USG in narcotics-related issues is extremely close and positive. Argentina is a party to the 1988 UN Drug Convention.

## II. Status of Country

While cocaine production is increasing, Argentina is not a major drug producing country. Because of its advanced chemical production facilities, it is one of South America's largest producers of chemicals used to manufacture almost all the precursors necessary to process cocaine and heroin. Marijuana remains the most commonly smuggled and consumed drug, with cocaine HCl and inhalants ranked second and third. Recently the use of Paco, coca base mixed with toxic chemicals, has increased in Argentina. Paco is a relatively inexpensive and addictive drug similar to crack, and is popular among low-income youth. Bolivia is the primary source of narcotics entering Argentina, but narcotics also enter via Paraguay and Brazil. The trafficking of Colombian heroin through Argentina to the U.S. East Coast has decreased in 2004 due to the capture of a well-organized heroin trafficking ring in December 2003, but heroin trafficking via commercial air carriers remains a concern. Seizures of amphetamines and ecstasy (MDMA), a synthetic stimulant with hallucinogenic properties, are increasing.

### III. Country Actions Against Drugs in 2004

**Policy Initiatives.** The government actively targets the trafficking, sale, and use of illegal narcotics. Internal Security is one of the highest profile issues in Argentina today, and the fight against crime in Argentina is synonymous with the fight against drug traffickers and drug use. In September 2004, President Nestor Kirchner moved the Security Secretariat from the Justice Ministry back to the Ministry of the Interior, a move that is widely seen as significantly raising the profile of security related issues. In December 2004, the Interior Minister announced plans to develop a national security plan to deal with the drug trafficking problem. The Interior Ministry is working with SEDRONAR, the Gendarmeria National (border guards), Aduanas (Customs), the Federal Police and Provincial leadership and law enforcement on this issue.

**Accomplishments.** From November 2003 to October 2004, the DEA-funded Northern Border Task Force (NBTF) seized in excess of 54,910 kilograms of illicit chemicals, down significantly from 153,569.50 kilograms during the same period in 2003. While the amount of illicit chemicals seized was down in 2004, the amount seized indicates that chemical diversion remains a serious problem. The NBTF and Group Condor seized 691 kilograms of cocaine, including base, and arrested 139 traffickers in FY2004 as compared with 507.88 kilograms of cocaine and 207 traffickers in 2003. A major benefit derived from these operations has been the enhanced cooperation between the agencies in the conduct of joint investigations.

According to statistics provided by SEDRONAR, in the first nine months of 2004, GOA law enforcement seized 12 clandestine cocaine laboratories capable of processing an estimated 565 kilograms of cocaine. Not included in SEDRONAR's statistics is the November 2004 GOA seizure of the largest cocaine lab ever discovered in Argentina, reportedly capable of producing more than half as much cocaine as all the other labs seized in 2004 combined. In comparison, eight labs were seized in 2003, and only 15 small labs were seized between 1999 and 2002.

According to SEDRONAR, 2,155 kilograms of cocaine were seized in the first three quarters of 2004, compared to 1,918 kilograms of cocaine for all of 2003. Also according to SEDRONAR, 43,920 kilograms of marijuana were seized in the first three quarters of 2004, compared to 45,553 kilograms during the same period in 2003. SEDRONAR also reports that 29.8 metric tons of coca leaf was seized during the first three quarters of 2004, down sharply from the 39.5 metric tons seized during the same period in 2003. Seizure totals for the last three years are considerably lower than the 91.3 metric tons seized in 2001.

**Law Enforcement Efforts.** The Ministry of the Interior, in coordination with SEDRONAR, directs federal counternarcotics policy. The primary federal forces involved are the Federal Police, the Gendarmeria, Aduanas, National Air Police (PAN), and the Prefectura Naval (Coast Guard). Provincial police forces also play an integral part in counternarcotics operations. The GOA has recently signaled an increased dedication to combating both narcotics trafficking and consumption and is actively taking measures to increase coordination between the various law enforcement agencies.

All of Argentina's security forces face continuing severe counternarcotics budget limitations that have hampered investment in training and equipment. Also, weak coordination between law enforcement agencies continues to lessen GOA effectiveness. The GOA recognizes these problems and has taken steps to alleviate them. The Gendarmeria, for example, has been authorized to recruit an additional 2,000 members in 2004 and one of the primary goals of the proposed National Security Plan is to seek methods to greatly increase interagency cooperation.

**Corruption.** Corruption remains a high profile issue in Argentina and the GOA continues to make efforts to eliminate corruption and prosecute those implicated in corruption investigations. The GOA has created the Anti-Corruption Office within the Executive Branch that is responsible for investigating suspected instances of corruption. Since its inception, the office has initiated more than

1,000 investigations, some of which in recent months have either gone or are heading to trial. In 2004, the former Environment Secretary Maria Julia Alsogaray was convicted on corruption charges and is currently incarcerated. The GOA does not facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions.

**Agreements and Treaties.** Argentina remains very active in multilateral counternarcotics organizations such as the Inter American Drug Abuse Commission, the International Drug Enforcement Conference (IDEC), and the United Nations Drug Control Program. The GOA hosted the IDEC in 2000 and played an active role in IDEC 2001-4. In 2004, Argentina continued to urge MERCOSUR (Common Market of South American Nations) to play a larger role in money laundering and chemical precursor diversion investigations.

Argentina is a party to the UN convention Against Transnational Organized Crime and its protocols against trafficking in persons and alien smuggling. The GOA has bilateral narcotics cooperation agreements with many neighboring countries. The United Kingdom, Germany, Australia, France and Italy provide limited training and equipment support. In 1998, a witness protection program for key witnesses in drug-related prosecutions was created. In 1997, the U.S. and Argentina signed a new extradition treaty, which entered into force on June 15, 2000. In 1990, Argentina and the USG signed a mutual legal assistance treaty that entered into force in 1993. Argentina is a party to the 1988 UN Drug Convention.

**Cultivation/Production.** Illicit cultivation of marijuana remains negligible, and no other narcotics are cultivated in Argentina. There was a large increase in both the number and size of clandestine cocaine laboratories seized in 2004 that indicates an increase in domestic narcotic production, but the amount of cocaine produced annually in Argentina is still small when compared to other nations in the region.

**Drug Flow/Transit.** Most Argentine officials agree that drug trafficking is a growing problem. The bulk of cocaine and marijuana enters Argentina via Bolivia utilizing the remote and often rugged land border between Bolivia and the provinces of Salta and Jujuy. Narcotics smugglers also move cocaine and marijuana across the river border between Paraguay and the provinces of Misiones and Corrientes. Heroin and some cocaine enter Argentina via commercial aircraft. Increasingly, GOA officials are becoming concerned about the use of small private aircraft to carry loads of narcotics into Argentina from Bolivia and Paraguay. GOA officials acknowledge that only a small percentage of Argentine airspace is covered by radar and, in the absence of effective radar information, it is simply impossible to gauge the number of aircraft entering Argentina undetected. The GOA recognizes the lack of radar coverage and is actively pursuing the purchase of several mobile radar units. Based upon intelligence reporting, Post's DEA Attaché believes the highest volume method of narcotics transportation from Argentina is via containers passing through Argentina's maritime port system. As a member of MERCOSUR, Argentina cannot open and inspect sealed containers from another member state that pass through the country without direct intelligence on a specific container. These uninspected containers are considered to be a high trafficking threat. Narcotics also are shipped out of Argentina using commercial aircraft, and in some cases, by cruise ship passengers. Couriers of cocaine from Argentina are primarily destined for Europe. Couriers of heroin are primarily destined for the United States.

**Domestic Programs (Demand Reduction).** SEDRONAR is charged with coordinating the GOA's demand reduction efforts and in December the newly-appointed head of SEDRONAR directed his staff to develop a comprehensive demand reduction plan focusing on youth education and public awareness. Drug use is treated as a medical problem and addicts are eligible to receive federal government-subsidized treatment. Buenos Aires province, the most heavily populated province and also the one with the largest number of regular drug users, has its own well-established demand reduction program.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** The September 2004 signing of the LOA has allowed Post to receive an INL budget for the first time since 1995 and begin providing much needed training and assistance. However, as Argentina remains under Brooke Amendment Sanctions for failure to make payments on a bilateral loan, this may affect Post's ability to provide assistance. As mentioned above, the GOA is embarking on the creation of both a national security plan focusing on narcotics interdiction and a national drug prevention plan. The GOA has asked for Post's input and assistance with both plans.

**Bilateral Cooperation.** Cooperation between the USG and Argentine authorities, both federal and provincial, continued to be excellent in 2004. During 2004, USG assistance supplied a wealth of equipment and training programs for Argentine law enforcement personnel. Examples of USG-funded programs in 2004 include: Two law enforcement tactical training courses provided by DEA; a money laundering course sponsored by the Department of Homeland Security (ICE); an airport narcotics interdiction course sponsored by DEA/INL; and a prevention seminar held in conjunction with SEDRONAR sponsored by PAS (Public Affairs Section) and INL. DEA/INL also sponsored several GOA law enforcement professionals, participation in regional training programs. In addition to providing valuable training opportunities, Post's DEA detachment supports the Northern Border Task Force (NBTF), Group Condor, and starting in 2004, the Mendoza Airport Task Force. The DEA-supported task forces demonstrate the benefits of interagency cooperation, and GOA officials have expressed interest in expanding the program to develop task forces in other narcotics trafficking hot spots.

**The Road Ahead.** The GOA is taking concrete steps to combat both narcotics trafficking and drug use, and Post will continue to assist and encourage the GOA in this process. The signing of the LOA has created a window of opportunity for even greater cooperation, and Post will diligently seek out still more opportunities to constructively engage the GOA on narcotics issues. Possible areas of further cooperation include expanding the task force program to include the creation of a Tri-border task force in the province of Misiones and a Port of Buenos Aires task force to control narcotics trafficking between Buenos Aires and Uruguay. Post will also continue encouraging the GOA to work toward improving its radar system in the border area.

# Bolivia

## I. Summary

In 2004, the Government of President Mesa reaffirmed its commitment to long-standing counternarcotics policies, exceeding its international commitment to eradicate 8,000 hectares of coca cultivation and continuing the steady increase in seizures of drugs and precursor chemicals. However, Bolivian coca cultivation increased 6 percent overall. President Mesa and a strengthened Counternarcotics Control Board (CONALTID) endorsed a new five-year drug strategy for 2004-2008 that shifted the focus from the Chapare (where the previous Plan Dignidad significantly reduced coca levels through forced eradication) to the Yungas (where the present growth in coca cultivation exceeds historic trends and what is allowed by law). Alternative development (AD) programs, which have significantly raised the income levels of AD farmers in the Chapare, shifted to a more integrated approach, with emphasis on sustainability and increased participation by municipalities in developing, implementing and monitoring programs, but had no effect on coca reduction in the Yungas.

Political challenges to democratic governance in Bolivia severely limited the ability of the Government of Bolivia (GOB) to curb increases of coca cultivation in the Yungas. The besieged Mesa Administration, at times, seemed more concerned with containing possible confrontations with cocaleros through negotiation and concessions than with the consistent application of the rule of law. It also failed to give political support to GOB programs advocating drug prevention and to undertake an effective social communication program to explain the dangers that excess coca production, drug production and consumption pose to Bolivian society.

## II. Status of Country

For centuries, Bolivia has produced coca leaf for traditional uses, and Bolivian law permits up to 12,000 hectares of legal coca cultivation for this market, mostly in the Yungas. The GOB will soon launch a study to gauge the current licit demand, which many suspect has declined as Bolivian society has urbanized.

By the mid-1990's, the Chapare region was the principal supplier of cocaine to the U.S. market—with the potential to produce 255 metric tons of cocaine. Through forced eradication under Plan Dignidad, the GOB reduced cultivation countrywide to its lowest levels and potential cocaine to 60 metric tons. From 2001 to 2004, however, there has been a steady increase in coca cultivation, due partially to the inability of the GOB to conduct forced eradication in non-traditional zones in the Yungas, where Chapare coca growers have migrated. In 2004, coca cultivation increased 6 percent from 2003 to 24,600 hectares and potential cocaine production to 65 metric tons. Bolivia is also now a significant transit country for Peruvian and Colombian cocaine, since its borders run along the most remote and least controlled territories of its five neighboring countries.

## III. Country Actions Against Drugs in 2004

**Policy Initiatives.** Former President Banzer (1997-2001) moved Bolivian policy from one of inaction to one of serious confrontation of the coca/cocaine circuit. Despite recent social and political crises, the GOB policy of forced eradication in the Chapare and of interdiction of illicit drugs and precursors has continued. However, the GOB has responded to efforts by coca growers (“cocaleros”) to stop eradication with short-term agreements of convenience that appear to undercut the GOB's commitment to its forced eradication policy.

Following violent confrontations that led to two deaths, an October 3 agreement with cocaleros in the Chapare enabled eradication to continue, allowing the GOB to meet its international eradication goal of 8,000 hectares. The agreement allowed 3,200 hectares of illegal coca to remain exempt from eradication for a year until a seminal study by the GOB of the legal demand for coca is completed. There was a 10 percent increase in Chapare cultivation in 2004. Moreover, by year's end, the GOB had not undertaken any major public affairs initiatives against the threats excess coca production, drug trafficking, and drug consumption pose to Bolivian society.

President Mesa assumed personal chairmanship of CONALTID, the ministerial committee that coordinates the GOB's counternarcotics policy, and approved a new five-year drug strategy, 2004-2008. Interdiction statistics remain on an upward trend (factoring out the extraordinary "Luz de Luna" seizure in August 2003 of 5.1 metric tons of cocaine.). A new, integrated Alternative Development approach provides for participation by municipalities in GOB decisions on development, implementation, and monitoring of programs.

The principal challenge facing Bolivia today remains the unconstrained expansion of coca cultivation in the Yungas and surrounding areas. Violent cocalero opposition and an extreme geographic terrain make forced eradication in the Yungas difficult. Consequently, the GOB's strategy is based on alternative development, voluntary coca reduction, and interdiction. Alternative development has spread rapidly through specific areas within the Yungas—but has not resulted in any voluntary eradication. Interdiction efforts have worked to channel the movement of leaf, precursors and illicit drugs through control checkpoints.

**Accomplishments.** According to recalculated CNC cultivation levels for 2003 and 2002 in the Yungas (see "Cultivation/Production" section) the Bolivian coca cultivation increased by 6 percent, only slightly less than in 2003, but potential cocaine production was reported as increasing to 65 metric tons as coca matured. Interdiction statistics increased significantly.

**Law Enforcement Efforts.** The GOB and USG continue to work cooperatively to develop the capabilities of the Bolivian Special Counternarcotics Police (FELCN) and its highly specialized units, through training, upgrading of existing physical infrastructure, and construction of new bases at strategic locations. As a direct result, interdiction seizures improve yearly, and statistics for 2004 show an 11.8 percent increase in cocaine seizures compared to the same period in 2003 (leaving aside the anomalous 5.1 metric tons "Luz de Luna" seizure in August 2003). The quality of the investigative work by FELCN units also has improved.

**Corruption.** There is no evidence that Bolivia's trafficking organizations exercise a major corruptive influence at the higher levels of the GOB. Recent governments have neither condoned, nor encouraged nor facilitated any aspect of narcotics trafficking. In February, President Mesa signed a Supreme Decree ratifying the establishment of the Office of Professional Responsibility (DNRP) within the Bolivian National Police. This establishes clear rules and mechanisms governing investigations of insubordination, civil disobedience and misconduct, including allegations of corruption. Coupled with the establishment of internal investigation units in the FELCN in 2003 to monitor and investigate allegations of police misconduct and human rights violations, the GOB has instituted a greater climate of professional responsibility and reduced the level and frequency of abuses. President Mesa also established a Technical Unit for Combating Corruption to coordinate the efforts of government organs legally mandated to investigate and prosecute corruption and track the results. However, a package of six draft anticorruption measures still languishes in Congress. In 2004, there were no prosecutions of narcotics-related cases involving senior level officials, although four judges have been removed and are under prosecution for misuse of office. In addition, three former BNP high-ranking officers involved in a case of armored car robbery were tried and convicted in December. A former deputy BNP commander is currently appealing his 2003 sentence of two years for forgery, and a former BNP commander is under investigation by the Attorney General's Office for misuse of funds.



**Agreements and Treaties.** Bolivia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs (as amended by the 1972 Protocol); the 1971 UN Convention on Psychotropic Substances, the 2000 Protocol to Prevent, Suppress and Punish Trafficking in Persons; the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials; and the 1996 Inter-American Convention Against Corruption. Bolivia has signed, but not yet ratified, the UN Convention against Transnational Organized Crime, the Protocol against the Smuggling of Migrants; the UN Convention against Corruption; and the Inter-American Convention Against Terrorism. Bolivia has not signed the Inter-American Convention on Mutual Assistance in Criminal Matters. Implementing legislation for many of these treaties remains pending in the Congress.

**Extradition.** Bolivia and the U.S. signed a bilateral extradition treaty in 1995, which entered into force in 1996 and mandates the extradition of nationals for most serious offenses, including drug trafficking. There were no extraditions from Bolivia to the U.S. in 2004, nor were any sought. The last drug trafficking related extradition from Bolivia was in August 2001.

**Cultivation/Production.** The GOB continued forced eradication of coca cultivation principally in the Chapare (including the national parks), but also in areas of new cultivation. Despite eradicating just over 8,000 hectares, coca cultivation in the Chapare increased 10 percent. In 2004 CNC revised its statistical analysis of previous Yungas cultivation figures and included for the first time and estimated 1,000 hectares of cultivation in the province of Caranavi. This revision indicated that there was no statistically significant increase in the Yungas in 2004, following a 15-percent increase in 2003. Overall, coca cultivation in Bolivian increased by 6 percent in 2004. Small but worrisome new coca cultivation was discovered in 2004 well outside the three zones tracked by international imagery estimation. Law 1008 authorizes up to 12,000 hectares of legal coca cultivation to supply the licit market; a study soon to be undertaken by the GOB will measure licit demand for coca. GOB interdiction also documented a dramatic rise in marijuana production throughout the country for internal consumption, possibly indicating drug traffickers' efforts to develop new markets for financing their operations.

**Drug Flow/Transit.** The GOB continues to focus on intercepting illicit drugs and chemicals, as well as on detecting and disrupting organizations that bring precursors into Bolivia or transfer cocaine out of Bolivia. Although the FELCN did not achieve another multiple-ton seizure to match "Luz de Luna," all their interdiction statistics increased compared to the previous year. In 2004, the GOB seized 395 metric tons of coca leaf, 8.7 metric tons of cocaine and 28.2 metric tons of cannabis, in addition to 678,750 liters of liquid precursor chemicals (acetone, diesel, ether, etc.) and 1,672 metric tons of solid precursor chemicals (sulfuric acid, bicarbonate of soda, etc.). It also destroyed 2,254 cocaine base labs and made 4,138 arrests in 5,836 operations. Cocaine seizures rose 11.8 percent over the same period in 2003 (not counting "Luz de Luna"); marijuana seizures rose 231.4 percent; seizures of liquid and solid precursor chemicals rose 24.3 and 210.8 percent respectively.

A significant amount of Peruvian cocaine, and increasing amounts of Colombian cocaine traverse Bolivia to enter Brazil. An increasing proportion of the cocaine both transiting and produced within Bolivia is destined for Europe, Argentina, Brazil, Chile and Paraguay. Moreover, internal consumption levels appear to be increasing in Bolivia itself.

**Alternative Development.** In the Chapare, INL-funded, USAID alternative development (AD) assistance complemented coca reduction efforts by strengthening licit livelihoods, community development, legal land tenure, and access to justice. Through FY-04, USAID helped a cumulative total of 28,290 farm families with AD support, and licit cultivation increased from 135,342 in 2003 to 143,887 hectares. The average income of families assisted by AD increased from \$2,275 in 2003 to \$2,390 in 2004 and the number of licit jobs rose to 62,304, up from 53,000 in 2003. New programs in land titling, health, environment and democracy have shown positive results. The National Institute for

Agrarian Reform was working on 15,000 land titles in various stages and had completed the delivery of 641 titles as of the end of FY 2004. To support community health, a total of 29 new infrastructure units (clinics, living quarters, incinerators) have been built. USAID also financed an Integrated Justice Center, which assisted residents in nearly 300 legal cases.

The Yungas Development Initiative's (YDI) Community Alternative Development Fund completed 93 small-grant, community-prioritized projects for water and sanitation, as well as post-harvest and community development. USAID continued to build social capital through scholarships for 55 regional university students in the fields of agronomy, veterinary medicine, nursing and primary education, and its health program has reached over 3,000 patients for treatment of tuberculosis, malaria and leishmaniasis. Related programs have trained over 40,000 Yungas residents in 434 communities in disease prevention and health awareness courses. Road infrastructure saw 168.7 km of roads maintained, 156 km of road improvement, 12.3 km of stone paving, and the construction of 8 bridges. In addition, coffee assistance has so far reached more than 9,000 families and helped increase their incomes by over 40 percent. A rural electrification program in the Yungas has completed two out of four sub-projects intended to provide over 11,000 families with electricity. In 2004, 331 km of distribution lines were completed benefiting 3,700 families in 112 communities in Palos Blancos and Caranavi. However, no voluntary eradication of coca resulted from AD activities in the Yungas.

A USG-supported Organization of American States project to modernize organic cacao and banana cultivation in the Yungas was transferred to GOB control in December. There are now 2,500 families participating in the project, each averaging 2 hectares of cultivation, and enjoying revenues of between \$1,470 and \$1,821 per year, in addition to income from subsistence crops grown for food and market.

**Domestic Programs (Demand Reduction).** The new five-year drug strategy includes demand reduction and rehabilitation as one of its four pillars, and, in November, CONALTID approved an inter-ministerial committee to coordinate policies and programs. Nevertheless, in 2004 the GOB undertook few significant efforts to combat a perceived increase in drug consumption other than to expand the BNP's DARE program (financed by the USG and now including FELCN officers) and two consumption studies in the school-age population and households. Strategies for implementing demand reduction and rehabilitation have been developed, but neither approved nor implemented.

## IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** The USG works through various programs to promote institutional reform and to strengthen the elements within the GOB dedicated to addressing counternarcotics-related goals in Bolivia. These include: removing Bolivia as a major producer of coca leaf for the production of cocaine; promoting licit economic development to provide viable options to cultivating coca; disrupting the production of cocaine within Bolivia; interdicting and destroying illicit drugs and precursor chemicals moving within and through the country; reducing and combating domestic abuse of cocaine and other illicit drugs; and, institutionalizing a professional law enforcement system.

**Bilateral Cooperation.** The GOB and Embassy meet routinely at all levels and across several functional entities to coordinate policy, to implement programs/operations and to resolve issues. INL, through the Embassy's Narcotics Affairs Section (NAS) and its Air Wing, supports and assists all interdiction and eradication forces. USAID represents the largest of all international donors in supporting GOB policy and programs in AD. This support is defined by Letters of Agreement (LOAs) signed annually with the GOB.

**Road Ahead.** Bolivia continues to experience significant political instability and economic insolvency. Throughout 2004, President Carlos Mesa led an "apolitical" government, whose ministers served without links to political parties; however, he governed under the perpetual threat of renewed popular protest, and made numerous concessions to cocaleros to keep counternarcotics programs

afloat. Meanwhile, demands for basic changes in Bolivia's political system are currently focused on calls for regional autonomy and for a Constituent Assembly, which is tentatively planned for late-2005 or 2006.

The impact of political instability on the GOB's ability—or even its willingness—to fulfill its obligations over the coming years under the 1988 UN Convention and its LOA with the USG is difficult to predict. To date, the Mesa Administration solidly supports both forced eradication in the Chapare and aggressive interdiction. Yet, it remains unclear whether the Mesa Administration's new five-year coca plan can successfully address its most pressing problem—the rapid growth of illicit cultivation in the Yungas, where coca growing is a centuries-old tradition, where demarcating transitional from traditional coca can be ambiguous, and where cocaleros have forcefully demonstrated their willingness to fight to protect coca crops.

# *Bolivia Statistics*

## *(1996–2004)*

	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Coca</b>									
Net Cultivation <sup>1</sup> (ha)	24,600	28,450	24,400	19,900 <sup>2</sup>	14,600	21,800	38,000	45,800	48,100
Eradication (ha)	8,437	10,000	11,839	9,435	7,653	16,999	11,621	7,026	7,512
Cultivation (ha)		18,450	12,561	10,465	22,253	38,799	49,621	52,826	55,612
Leaf: Potential Harvest <sup>3</sup> (mt)		29,083	19,800	20,200	13,400	22,800	52,900	70,100	75,100
HCl: Potential (mt)	65	60	60	60	43	70	150	200	215
<b>Seizures</b>									
Coca Leaf (mt)	395	152	102	65.95	51.85	56.01	93.72	50.60	76.40
Coca Paste (mt)	—	—	—	—	—	—	—	0.008	—
Cocaine Base (mt)	8.2	6.4	4.7	3.95	4.54	5.48	6.20	6.57	6.78
Cocaine HCl (mt)	0.53	6.5	0.4	0.51	0.72	1.43	3.12	3.82	3.17
Combined HCl & Base (mt)	8.7	12.9	5.1	4.46	5.26	6.91	9.32	10.39	9.95
Agua Rica <sup>4</sup> (ltrs)	—	—	—	20,240	15,920	30,120	44,560	1,149	2,275
<b>Arrests/Detentions</b>	4,138	—	1,422	1,674	2,017	2,050	1,926	1,766	955
<b>Labs Destroyed</b>	—								
Cocaine HCl	4	2	2	1	2	1	1	1	7
Base	2,254	1,769	1,420	877	620	893	1,205	1,022	2,033

<sup>1</sup> The reported leaf-to-HCl conversion ratio is estimated to be 370 kilograms of leaf to one kilograms of cocaine HCl in the Chapare. In the Yungas, the reported ratio is 315:1.

<sup>2</sup> As of 06/01/2001.

<sup>3</sup> Most coca processors have eliminated the coca paste step in production.

<sup>4</sup> Agua Rica (AR) is a suspension of cocaine base in a weak acid solution. AR seizures first occurred in late 1991. According to DEA, 37 liters of AR equal one kilograms of cocaine base.

# Brazil

## I. Summary

Brazil's key counternarcotics development in 2004 was the implementation of a shoot-down law that the Brazilian Congress passed in 1998, but that was only put into effect on October 17 after President Lula signed the implementing decree. Also in 2004, the Government of Brazil (GOB) adopted a new national strategy document to combat money laundering. A principal aim of the strategy is to better coordinate disparate federal and state level anti-money laundering efforts. Operation COBRA, a project on Brazil's border with Colombia, has been functioning now for nearly four years and is showing positive results. Similar operations on the Venezuelan and Peruvian borders are up and running, and another one is also being developed with Bolivia.

Brazil is a major transit country for illicit drugs shipped to Europe and, to a lesser extent, the United States. Brazil continues to cooperate with its South American neighbors in an attempt to control the remote and expansive border areas through which illicit drugs are transported. Brazil is a party to various counternarcotics agreements and treaties, including the 1988 UN Drug Convention, the 1995 bilateral U.S.-Brazil counternarcotics agreement, and the annual Memorandum of Understanding (MOU) with the U.S.

## II. Status of Country

Brazil is not a significant drug-producing country. It is, however, a conduit for cocaine base and cocaine HCL moving from Andean source countries to Europe and Brazil's urban centers. Crack cocaine is used among urban youths, particularly in Sao Paulo and Rio de Janeiro. Smaller amounts of heroin also move through Brazil to the U.S. and Europe. Organized drug gangs, located principally in Rio de Janeiro and Sao Paulo, are heavily involved in narcotics and drug-related arms trafficking.

## III. Country Actions Against Drugs in 2004

**Policy Initiatives.** Brazil has undertaken various bilateral and multilateral efforts to meet the objectives of the 1988 UN Drug Convention, implemented adequate law enforcement measures, and achieved significant progress in the war against drugs.

After extensive discussions with the USG on the ramifications of a Brazilian shoot-down program and the elements of a Presidential Determination that would address certain liability issues under U.S. law, the GOB implemented its air bridge denial (ABD) ("shoot-down") law to enter into effect on October 17, 2004. Brazil's law and program permits the Brazilian Air Force to use lethal force against civilian aircraft reasonably suspected to be primarily engaged in trafficking of illegal drugs. The U.S. President determined that drug trafficking posed an extraordinary threat to Brazil's national security, and also concluded that Brazil's program had appropriate operational safety procedures in place to justify the U.S. Presidential Determination. This determination is similar to the one in place for Colombia's ABD program, though unlike Colombia, Brazil independently administers its own program. The determination must be renewed annually by the USG. To date, the Brazilian Air Force has not shot down any suspect aircraft.

The GOB forged closer ties with its neighbors in the war against drugs as a result of the "joint commission" (CM) formed in 2003. The Brazilian Foreign Ministry, with representatives from the Federal Police, National Antidrug Secretariat (SENAD), SENASP (National Public Safety Secretariat), ANVISA (National Agency of Health Monitoring), Health Ministry, and ABIN (National

Intelligence Agency) make up the CM. Brazil's creation of an intelligence center in the Tri-Border area with Paraguay and Argentina has also increased regional cooperation.

Brazil's Unified Public Safety System (SUSP), which was created in 2003, is now fully functional and showing results. SUSP, which is administered by SENASP, is a national system to integrate diverse state civil and military police forces. Each state has formulated its own public safety plan, in accordance with SENASP's national plan. SUSP assists the GOB in ensuring a unified approach to law enforcement and statistical crime and narcotics seizures reporting.

**Accomplishments.** In 2004, the GOB exercised a regional counternarcotics leadership role. In June, "Operation Six Borders" was carried out to disrupt the illegal flow of precursor chemicals in the region. The GOB continued its support of "Operation Alliance" with Brazilian and Paraguayan counternarcotics interdiction forces in the Paraguayan-Brazilian border area.

**Illicit Cultivation/Production.** With the exception of some cannabis grown in the interior of the northeast region, which is primarily consumed domestically, there is no significant evidence of illicit drug cultivation in Brazil. Brazil's Federal Police believe that drug trafficking organizations could increase the number of cocaine processing laboratories in Brazil. However, a steady supply from Bolivia and to a lesser extent Colombia, could explain why this has not happened.

**Distribution.** Federal counternarcotics police and state authorities continue to investigate and disrupt extensive domestic distribution networks in Brazil's major and secondary cities.

**Sale, Transport And Financing.** The Federal Police took measures to identify significant drug trafficking trends, patterns, and traffickers in 2004. Although one or two monthly deliveries of large amounts of Colombian cocaine may be shipped to Brazil's urban centers of Rio de Janeiro and Sao Paulo, Federal Police analyses indicate that Bolivian cocaine and Paraguayan marijuana generally dominate those markets.

**Asset Seizure.** The GOB seized many ill-gotten assets in 2004, particularly motor vehicles that the Federal Police immediately made available for law enforcement officials' use. The GOB auctioned other assets and distributed the proceeds, based on court decisions. Federal Police recorded the following seizures in 2004: one airplane, 554 motor vehicles, 39 motorcycles, 4 boats, 253 firearms, and 984 cell phones.

**Extradition.** No extraditions to the United States were carried out during 2004. At year's end, there were three pending narcotics-related extradition cases of non-Brazilian citizens. There were three extraditions from Brazil to the U.S. in 2003, one of which was narcotics-related.

According to the Brazilian Constitution, no Brazilian citizen shall be extradited, except naturalized citizens for a common crime committed before naturalization, or unless there is sufficient evidence of participation in the illicit trafficking of narcotics and related drugs, under the terms of the law. Brazil cooperates with other countries in the extradition of non-Brazilian nationals accused of narcotics-related crimes. Brazil and the U.S. are parties to a bilateral extradition treaty signed in 1961.

**Training Assistance.** In 2003, various USG agencies—including the Department of State, Department of Homeland Security (DHS), Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), and others—provided training in Brazil covering a wide variety of law enforcement issues. These included combating money laundering, cyber-crime, community policing, port security, crisis management, and demand reduction programs. Brazilian Law Enforcement also eagerly accepted opportunities to attend training programs in the U.S. on money laundering, drug courts, and operation of the FBI academy.

**Law Enforcement and Transit Cooperation.** Brazil's Federal Police, SENAD, and SENASP continued to express their interest in active cooperation, particularly intelligence sharing and coordination, with the U.S. in drug control activities.

Brazil cooperates with authorities in neighboring countries to strengthen regional coordination against illicit drugs, particularly Colombia, Peru, and Bolivia. In June 2004, for instance, 13 law enforcement officers attended a training seminar in Bolivia. A head of the training section of the Brazilian Federal Police academy also attended a high-level planning meeting in Panama City to discuss the proposed establishment of an International Law Enforcement Academy (ILEA). In January 2004, a group of 12 Brazilian police officers (9 Federal, 2 state military, and one civilian) attended the ILEA advanced management course in New Mexico. Also, seven policemen from the state of Minas Gerais participated in a community policing exchange in Austin, Texas. This program also gave the same opportunity for police from Texas to visit Brazil.

**Demand Reduction.** The DARE (Drug Abuse Resistance and Education) program (known as PROERD in Brazil) is now active in all 26 states of Brazil and the Federal District. Brazil has the largest DARE program outside of the U.S. Through SENASP and SENAD, the USG assisted in financing and logistics, and Embassy personnel visited several training sessions. The DARE program reinforces a positive image of local police forces, while providing a strong message concerning demand reduction. Embassy Brasilia is also collaborating with several NGOs and the U.S. Consulate in Sao Paulo to establish additional demand reduction programs that target urban youth at risk of drug use, crime, and violence. USG funding for SENAD and the Ministry of Education resulted in thousands of teachers receiving training and a counternarcotics curriculum via the educational television network. In addition, a SENAD toll-free number on drug information is currently being upgraded so that it may handle more calls and provide counseling.

**Law Enforcement Efforts.** The Federal Police estimate that in 2004 they seized 7.7 metric tons of cocaine HCl and 120 kilograms of crack. Marijuana (cannabis) seizures totaled 149.2 metric tons in 2004. Three cocaine drug laboratories were dismantled in 2004. These numbers are incomplete, however, as they only include statistics from the Federal Police, and not those of local police forces. Federal Police sources estimate they record perhaps 75 percent of seizures and detentions.

**Corruption.** Fighting corruption remains a high priority for Brazilian law enforcement. As a matter of policy, the GOB does not condone, encourage, or facilitate production, shipment, or distribution of illicit drugs or money laundering. The Federal Police have carried out a number of high profile investigations of public officials and State Police involved in money laundering and/or narcotics trafficking.

**Agreements and Treaties.** Brazil became party to the 1988 UN Drug Convention in 1991. Bilateral agreements based on the 1988 convention form the basis for counternarcotics cooperation between the U.S. and Brazil. Brazil also has a number of narcotics control agreements with its South American neighbors, several European countries, and South Africa. Brazil cooperates bilaterally with other countries and participates in programs conducted by the UN Office on Drug and Crime (UNODC) and the Organization of American States/Anti-drug Abuse Control Commission (OAS/CICAD).

**Drug Flow/Transit.** Paraguayan marijuana and Bolivian cocaine are smuggled into Brazil across remote border areas and are destined primarily for domestic consumption. Brazil's Federal Police indicate that cocaine leaving Colombia and entering Brazil by air is destined mostly for Europe, where it arrives in containerized cargo. According to the Federal Police, smaller amounts of cocaine leave Colombia via Brazil's waterway networks in the Amazon region and are mainly destined for the Brazilian domestic market. Smaller quantities of heroin have been detected moving through Brazil from source countries to the U.S. and Europe. While the GOB and Brazilian press assess that Brazil's recently enacted shoot-down law has had a deterrent effect on clandestine flights, it is too soon to tell what real and lasting impact the law will have on illegal aerial drug trafficking.

## VI. U.S. Policy Initiatives and Programs

U.S. counternarcotics policy in Brazil focuses on liaison with and assistance to Brazilian authorities in identifying and dismantling international narcotics trafficking organizations and reducing money laundering. U.S. policy also is to increase awareness of the dangers of drug abuse, drug trafficking, and related issues such as organized crime and arms trafficking. Supporting Brazil to develop an effective legal structure for narcotics and money laundering control and enhancing cooperation at the policy level are key goals. Bilateral agreements provide for cooperation between U.S. agencies, the National Anti-Drug Secretariat and the Ministry of Justice.

**Bilateral Cooperation.** Bilateral cooperation on counternarcotics between the USG and the GOB has never been better. Brazil and the U.S. are seeking to meet all goals set forth in the bilateral Letter of Agreement (LOA) on counternarcotics. As agreed to by Brazil and the U.S., programs implemented in 2004 included: cooperation with the Regional Intelligence Center of Operation COBRA; expansion of COBRA prototype to other areas of the country, a country-wide conference on money laundering in Brasilia; and a SENAD project that involves a partnership with the Ministry of Education to provide long distance drug prevention training to over 5,000 teachers nation wide via the educational television network.

Brazil continues to be actively involved in the International Drug Enforcement Conference (IDEC). Worldwide conferences are held annually, and sub-regional conferences are held approximately six months after the general conference. These conferences, sponsored and supported by DEA, bring law enforcement leaders from Western Hemisphere countries together to discuss the counternarcotics situations in their respective countries and to formulate regional responses to the problems they face. Brazil participates in both the Andean and Southern Cone Working Groups.

Operation Seis Fronteiras (Six Borders) is part of a highly-successful regional exercise involving Brazil, Bolivia, Colombia, Ecuador, Peru, Venezuela, and the U.S. DEA to concentrate counternarcotics law enforcement efforts on precursor chemical control.

A number of conferences, training programs, and seminars took place during in 2004. Brazilian Federal and State Police were sent for training to the U.S. on various occasions. USG representatives—DEA, DHS, FBI, U.S. Coast Guard and others—and others visited Brazil to train GOB counternarcotics units.

**The Road Ahead.** The biggest challenge Brazil faces in the war against narcotics trafficking is to secure its borders by increasing interdiction efforts against criminal organizations that exploit a vast border area to smuggle illegal goods. Fully functional border operations like COBRA (Colombia) and others that are still in their initial start-up phase, such as Vebra (Venezuela), PEBRA (Peru), and BRABO (Bolivia), are key programs for strengthening Brazil's border control. The planned opening of a joint intelligence center in early 2005 in the Tri-Border area will be a step forward in the fight against narcotics trafficking and other illegal activities. The center will include representatives from Argentina and Paraguay, which will strengthen regional cooperation. Brazil's shoot-down law is another crucial development that should reduce the number of illegal flights over the country's expansive borders and increase seizures of illicit goods.



# Chile

## I. Summary

While not a center of illicit narcotics production, Chile remains a transit country for cocaine and heroin shipments destined for the U.S. and Europe. Chile also has an internal cocaine and marijuana consumption problem, with Ecstasy continuing to grow in popularity. Chile is a source of essential chemicals for use in coca processing in Peru and Bolivia. Chile is a party to the 1988 UN Drug Convention.

## II. Status of Country

Transshipment of cocaine from the Andean region is a problem for Chile, as is the persistent transit of heroin destined for the U.S. and Europe. Cocaine hydrochloride consumption has increased, although cocaine base abuse is more prevalent. Chilean authorities discovered some cocaine and amphetamine labs two years ago, but Chile is not a major source of refined cocaine. Marijuana also continues to be widely used in Chile, a drug supplied primarily by Paraguay and a handful of production farms in Chile.

## III. Country Actions Against Drugs in 2004

**Policy Initiatives.** The Chilean Congress continues to work on a comprehensive revision of Chile's 1995 drug laws, a project pending since 1999. In an effort to combat money laundering, the Financial Intelligence Unit was created in June of 2004. The National Drug Control Commission (CONACE) develops and coordinates the National Drug Control Strategy. The current plan covers the years 2003-2008. CONACE also coordinates all demand reduction programs.

**Accomplishments.** In January 2004, five representatives from the Chilean Coalition on Drug Prevention (CHIPRED) participated in a Voluntary Visitor program on managing drug abuse prevention programs. Embassy Santiago, in conjunction with CONACE, organized the launch of CHIPRED, a network of Chilean NGOs working on drug issues, in August 2003. CHIPRED allows better coordination of programs to prevent drug abuse and reduce demand, and is a member of the Drug Prevention Network of the Americas (DPNA).

In June 2004, the Financial Intelligence Unit (FIU) was launched with a mandate to investigate money laundering activity. While current laws do not provide adequate authority for the FIU, amendments are expected to be approved in 2005 to increase the investigative authority of the unit.

The DEA Santiago Country Office, together with the Policia de Investigaciones de Chile ("PICH," roughly equivalent to the FBI) and the Carabineros (national uniformed police), initiated Operation Seis Fronteras VI on March 1, 2004. This operation is a six-country initiative to combat the diversion of legal chemicals in the production of cocaine. As a follow-up, the DEA Santiago Country Office and the Carabineros de Chile hosted Operation Seis Fronteras VI After-Action Conference on June 9-10, 2004. DEA and police representatives from Colombia, Venezuela, Ecuador, Brazil, Peru, Bolivia, Argentina and Chile attended the conference, which focused on analyzing the results of the three-month Seis Fronteras VI operation.

Chile continues to implement its multi-year criminal justice reform project. As of January 2004, all of Chile's 12 regions have adopted the new adversarial judicial system, leaving only the metropolitan area of Santiago operating under the old system. The new system involves oral trials rather than document-based legal proceedings and should generally result in a faster resolution of cases. The

Santiago metropolitan region, which accounts for almost 40 percent of Chile's population, will present special challenges. The transition in Santiago is scheduled to occur in June 2005.

**Law Enforcement Efforts.** Chilean authorities are successfully interdicting narcotics transiting through and destined for Chile. As a result of increased U.S. support for interdiction efforts in the Andean source nations, narcotics traffickers are using Chile as a transshipment point for cocaine and heroin with more frequency.

Traffickers assume Chile's clean reputation with authorities in the U.S. and Europe means that vessels and aircraft originating from Chile are less closely scrutinized.

In 2004, Chilean authorities seized 2,697 kilograms of cocaine hydrochloride, 8.8 kilograms of heroin, and over fifty-six million Chilean pesos (approximately USD\$90,000). Law enforcement agencies also arrested 9400 persons for drug-related offenses, an increase from 8343 in 2003. Chilean authorities are also addressing the domestic distribution sources of cocaine, marijuana, and ecstasy.

**Corruption.** Narcotics-related corruption among police officers and other government officials is not a major problem in Chile. The government actively discourages illicit production and distribution of narcotic and psychotropic drugs and the laundering of proceeds from illegal drug transactions. No current Chilean senior officials have been accused of engaging in such activities. The high-profile scandals related to Pinochet's activities provide an example of the gravity and attention that Chile attaches to corrupt behavior by former or current government officials. Transparency International's Annual Corruption Perception Index ranked Chile 20th in 2004, three positions down from last year.

**Agreements and Treaties.** The U.S.-Chile Extradition Treaty was signed in 1900. In late 2002, Chile expressed interest in updating the current treaty, and exploratory meetings took place in March 2004. The U.S. and Chile do not have a bilateral mutual legal assistance treaty (MLAT), but both countries are party to the OAS Inter-American MLAT, which Chile ratified in April 2004. Chile is party to the Inter-American Convention Against Corruption. Chile ratified the UN Convention against Transnational Organized Crime in November 2004.

The September 2002 letter of agreement between Chile and the U.S. remains the most recent accord for cooperation and mutual assistance in narcotics-related matters. U.S. assistance programs are implemented under this agreement. Although the GOC and the DEA signed an agreement in 1995 to create a Special Investigative Unit (SIU) within the Carabineros, no SIU currently operates in Chile. Due to the very low level of corruption and the resulting professionalism in the ranks of Chilean law enforcement, there is currently no pressing need for an SIU. Chile has bilateral narcotics cooperation agreements in force with Argentina, Austria, Bolivia, Brazil, Colombia, Costa Rica, Croatia, Cuba, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Russia, Singapore, South Africa, Uruguay and Venezuela.

**Cultivation/Production.** There is no known major cultivation or production of drugs in Chile, and the Department of State does not identify Chile as a "major" drug-transit country. Very small amounts of marijuana are cultivated in Chile to meet domestic demand.

**Drug Flow/Transit.** Increasing amounts of drugs are transshipped from Andean source countries through Chile, destined for the U.S. and Europe. Chile's extensive and modern transportation system makes it attractive to narcotics traffickers. Maritime and land route trafficking has increased; the most recent trend is to traffic drugs via Chile's road system and out of the country via maritime routes. The Santiago International Airport is also used to transit particularly heroin to the U.S. and Europe. Most narcotics arrive by land routes from Peru and Bolivia, but some enter through Argentina. The efforts of Chilean authorities are hampered by treaty provisions allowing cargo originating in Bolivia and Peru to transit Chile without inspection to the ports of Arica and Antofagasta.

No labs producing synthetic drugs have been found in Chile to date. Ecstasy enters the country primarily in small amounts via couriers traveling by air.

**Demand Reduction Programs.** The Chilean government has expressed concern about domestic drug use. The most recent study, completed in 2002 and released by CONACE in July 2003, demonstrates that the existing treatment infrastructure in Chile is insufficient. According to the survey, 5.7 percent of Chileans had used drugs in 2002, a slight decrease from 6.3 percent recorded in 2000. Prevalence of marijuana dropped from 5.8 percent in 2000 to 5.2 percent in 2002, although current information indicates marijuana use is significantly higher than the numbers suggest. The report also states the use of cocaine base fell from 0.7 percent to 0.5 percent, but use of refined cocaine rose slightly from 1.5 percent to 1.6 percent. Current indications suggest an increase in use of both types of cocaine. The 2002 survey also found that 22.9 percent of respondents had used illegal drugs at least once in their lives. CONACE continues to work with NGOs, community organizations, and schools to develop demand reduction programs. With the launch of CHIPRED last year, the network of NGO prevention and treatment organizations, CONACE is able to cooperate more effectively with the NGO community.

## IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** U.S. support to Chile in 2004 reinforced ongoing priorities in five areas: 1) Training for prosecutors, police, judges, and public defenders in their roles in the criminal justice system reform; 2) Demand reduction; 3) Enhanced police investigation capabilities; 4) Police intelligence capability; and 5) Money laundering.

**Bilateral Cooperation.** During 2004, the U.S. Government pursued numerous initiatives based on the above priorities. These include: 1) a two-part training series on the nationwide drug intelligence computer network for carabineros; 2) the first Intellectual Property Rights week including a workshop for law enforcement and prosecutors, public awareness campaign and youth concert; 3) the first presentation on drug abuse prevention programs by students from four communities as a result from the launch of PRIDE in 2003; 4) an INL-funded judicial reform intensive training program for prosecutors and defenders, preceded by Digital Video Conferences with the University of the Pacific; 5) an INL-funded seminar for judges on DNA Forensic Technology; 6) a workshop for Chilean authorities on how to investigate Intellectual Property Rights crimes; 7) a DOJ-funded course on cybercrime for prosecutors, law enforcement and government officials from five countries; 8) a public affairs section grant to Fundacion Paz Ciudadana to implement ADAM (Arrestee Drug Abuse Monitoring); 9) five CHIPRED representatives participated in a voluntary visitor program on managing drug abuse prevention programs; 10) one IVP on the Financial Intelligence Unit; 11) two U.S. speakers on drugs in the workplace and drug courts; 12) INL-funded support of the police to provide equipment for counternarcotics operations; 13) two IVPs on drug prevention and drug prosecution; 14) a series of radio programs on drug prevention recorded and distributed to more than 80 radio stations; 15) continued discussions towards updating the 1900 U.S./Chile extradition treaty; 16) three USCG resident courses on maritime law enforcement and security.

**The Road Ahead.** In 2005, the U.S. Government will continue to support Chilean efforts to combat the narcotics-related problems listed above. The U.S. plans to continue to provide capacity-building assistance to the on-going criminal justice system reform. Efforts to enhance the counternarcotics capabilities of both the Carabineros and the Investigations Police pursuant to the Letter of Agreement will also continue.

# Colombia

## I. Summary

Despite impressive progress against narcotics trafficking during 2004, Colombia remains a major drug producing country. The country's Public Security Forces prevented hundreds of tons of illicit drugs from reaching the world market through interdiction, spraying of coca and poppy crops, and manual eradication. A record 178 metric tons of cocaine were captured through the efforts of Colombia's police and military forces. The U.S.-supported Anti-Narcotics Police Directorate (DIRAN) sprayed a record 136,555 hectares of coca and 3,060 hectares of opium poppy during the year. Manual eradication accounted for the destruction of an additional 10,991 hectares of coca and 1,497 hectares of opium poppy. Colombia's military forces are beginning the second year of "Plan Patriota," a major offensive in the former demilitarized zone ("zona de despeje"), the heart of territory historically controlled by the Revolutionary Armed Forces of Colombia (FARC). The FARC continues to use the drug trade as its major financing source. The paramilitary United Self Defense Forces (AUC), also largely financed by the drug trade, continues to challenge the FARC for control of key coca and poppy cultivation areas throughout the country, in spite of also being involved in an ongoing peace process with the Colombian Government. The AUC reached an agreement with the government to demobilize its fighters (estimated by the AUC itself to be 20,000) by December 2005. Thus far over 4,600 AUC militants have demobilized. Colombia is a party to the 1988 UN Drug Convention.

## II. Status of Country

Colombia is the source of over 90 percent of the cocaine and 50 percent of the heroin entering the U.S. It is also a leading user of precursor chemicals and the focus of significant money laundering activity. Developed infrastructure like ports on both the Pacific and the Atlantic and the Pan American Highway, provide the narcotics terrorists with many options. The normal problems associated with the narcotics trafficking are compounded in Colombia by the presence of various illegal armed groups that are fighting with the government and involved in narcotics trafficking. These groups include the Revolutionary Armed Forces of Colombia (FARC), the United Self Defense Forces of Colombia (AUC), and, to a lesser extent, the National Liberation Army (ELN). They control areas within Colombia with high concentrations of coca and opium poppy cultivation, and their involvement in narcotics is a major source of violence and terrorism in Colombia. Drug use in Colombia is increasing and Colombia has a very active demand reduction program. The judicial system is transitioning to an oral accusatorial system, in which the roles and responsibilities of the judges, prosecutors, and criminal investigators are changed. A criminal case has a confidential investigatory stage where evidence is collected and then a charging and trial stage by the judge and an oral public trial with witnesses is conducted. To date, as the transition has begun in Bogota and three other municipal regions, the new system has proven to be efficient and effective. A total of 10,727 prosecutors, judges and criminal investigators received intensive training in the new accusatory system by the end of 2004. The system is expected to be nationwide by 2008.

## III. Country Actions Against Drugs in 2004

**Policy Initiatives.** In 2004, President Uribe initiated a program to give land expropriated from narcotics traffickers to landless campesinos (peasants). In a September press conference, President Uribe announced that asset seizure and forfeiture would be applied to small farms as well as large ones. Since the announcement, the police and courts have taken preliminary steps to implement the

process as a deterrent to growing illicit crops and as a complement to government eradication programs.

**Demand Reduction.** The Colombian government lacks a national Demand Reduction Strategy. The Ministry of Social Protection is currently conducting a comprehensive survey of school age drug use, funded by the Organization of American States, the results of which will be announced by the end of March 2005. The OAS will then work with the Government of Colombia (GOC) to develop a national Demand Reduction Strategy. Meanwhile, the USG continues to work with various non-governmental organizations (NGOs) to prevent drug use.

**Culture of Lawfulness.** The USG continues to support respect for law and civic responsibility. The Culture of Lawfulness (COL) program currently teaches more than 6,000 ninth-grade students the importance of lawfulness in society and is developing a curriculum for integration into various Colombian National Police (CNP) training programs. The U.S. National Strategy Information Center (NSIC) develops curricula and implements the program with funding from a grant from the Narcotics Affairs Section (NAS) of the U.S. Embassy in Bogota. This program receives active support from the highest levels of the GOC, including President Uribe. In 2004, the COL program expanded beyond its initial trial schools in Bogota and Medellin to include other major cities.

**Port Security.** The USG is party to a three-way agreement with the DIRAN and private seaport operators. DIRAN provides police to work with port officials to prevent narcotics from being exported. The port authorities work to improve their own security and fund the DIRAN units, and the USG provides coordination, technical assistance, and training. During 2004, over 1.26 metric tons of narcotics were captured in the four principal Colombian ports. The USG works separately with DIRAN and Airport Police to prevent Colombia's international airports from being used as export points for drugs. In 2004, U.S. Customs provided scanners that were installed at major airports to check incoming baggage for contraband.

Elements of Colombia's private sector are active participants in a Business Anti-Smuggling Coalition (BASC) program, an initiative of the U.S. Department of Homeland Security. This program seeks to increase the effectiveness of law enforcement offices by enhancing private sector security programs in their efforts to deter narcotics smuggling in commercial cargo shipments and conveyances. Hundreds of Colombian companies, organized into BASC chapters, participate in the program to eliminate the infiltration of drugs into legitimate commercial shipments to U.S. markets.

**Environmental Safeguards.** Since 2001, the DIRAN has processed approximately 5,500 complaints of crop damage by spray planes. Some 2,725 complaints were processed in 2004 alone. Since the complaints tracking program began in 2001, 12 complaints of accidental spraying of food crops or pastureland have been verified and compensation paid, with four more claims in the process of completion. To date, the program has paid less than U.S. \$20,000 in total compensation for damaged crops.

Regarding claims of health damage, during the past 10 years there has not been a single case verified by the Colombian National Institute of Health of adverse health effects from the aerial spray program. The spray program follows all laws and regulations of the Colombian Environmental Management Plan. The program has also been favorably reviewed by the U.S. Environmental Protection Agency.

**Extradition and Mutual Legal Assistance.** The number of drug-related extraditions from Colombia to the United States has increased significantly over the years. So far in President Uribe's administration, extraditions have increased dramatically with 173 Colombian nationals and 8 non-nationals extradited (total: 181 extraditions) by the end of 2004.

On December 3, Colombia extradited Gilberto Rodriguez Orejuela to the United States. Rodriguez Orejuela was the head of the Cali Cartel and is one of the most important drug trafficking figures ever extradited from Colombia to the United States. On December 31, 2004, Colombia extradited FARC

leader Juvenal Ovidio Ricardo Palmera Pineda, alias “Simon Trinidad,” to the U.S. on drug trafficking and terrorism charges.

There is no bilateral mutual legal assistance treaty between the U.S. and Colombia, but the two countries rely on mutual legal assistance provisions in multi-lateral agreements and conventions, such as the OAS Convention on Mutual Legal Assistance, to effectuate cooperation. During 2004, 75 mutual legal assistance requests were submitted and over 35 responses have been received.

**Demobilization.** During President Uribe’s administration, over 4,600 militants belonging to illegal armed groups have demobilized, individually or collectively, including AUC leader Salvatore Mancuso. Mancuso is wanted in the United States on narcotics trafficking charges. The Colombian government presently does not have an established mechanism to prosecute demobilized AUC members accused of drug trafficking or other serious crimes, such as murder or kidnapping. However, legislation has been introduced in the Colombian Congress to rectify this gap.

**Public Security.** During 2004, the Colombian government finished establishing a police presence in the 158 municipalities that had not had public security at the beginning of the Uribe Administration. There are now police in every one of the 1098 municipalities in the country, helping to close down illegally armed groups’ mobility corridors. Entire FARC fronts have reportedly been forced to live off the land, thereby contributing to their increasing desertion rates—which for the FARC are up by one third. Other security indicators were very positive in 2004: homicides down by 15 percent, massacres down by 48 percent, kidnapping down by 35 percent, overall terrorist attacks down by 42 percent, the number of Internally Displaced Persons down by 41 percent.

**Law Enforcement Efforts.** The DIRAN broke all interdiction records in 2004, with over 75 metric tons of processed cocaine (HCl) and coca base seized and 150 HCl laboratories destroyed. In addition, combined public forces (Army, Navy, Air Force, and Police) seized a total of 178 metric tons of cocaine HCl/coca base and destroyed 200 HCl laboratories. DIRAN also conducted numerous joint operations with the Colombian military against high-value narcotics terrorist targets.

The CNP’s Carbineros (EMCAR) reported impressive final results for CY2004. Last year, EMCAR Squadrons captured 275 narcotics trafficking and 1,639 guerrillas (815 FARC/ELN & 824 AUC). The squadrons also captured 3,127 common criminals. They seized 1,655 weapons, 8.47 metric tons of coca base, 46,600 gallons of liquid precursors and 142.5 metric tons of solid precursors. Overall, EMCAR Squadrons and the new Municipio CNP units were largely responsible for the significant improvement in public security throughout rural Colombia.

**Kingpin or “Cabecillas” Group.** In August, the DIRAN established a permanent Task Force to target the “Cabecillas,” or the leadership of the narcotics terrorist organizations. Special police teams have been assigned to gather intelligence against some 300 Cabecillas, and the DIRAN created an intelligence fusion center to analyze intelligence and participate in operational planning. Since the group was formed, four special operations have been conducted, resulting in the capture of nine leadership targets.

**Operations “Mapale” I and II.** DIRAN worked closely with the Colombian Navy (COLNAV), the Colombian Marines (COLMAR), Colombian Air Force (COLAF), and the U.S. Drug Enforcement Administration (DEA) in two major operations executed in Colombia’s southwest Pacific coast area. Operations Mapale I and Mapale II were conducted against both FARC and AUC narcotics trafficking infrastructure and base camps, in order to disrupt and dismantle cocaine and heroin laboratories associated with these organizations, as well as against the Norte del Valle Cartel (NVC) operating near the Pacific Coast of Colombia.

These operations destroyed 21 HCL/base labs, seized 12 metric tons of coca paste, 27 metric tons of coca leaves, 7 speedboats, and 150 metric tons of precursor chemicals.

**High-Value Targets.** On January 2, 2004, Juvenal Ovidio Ricardo Palmera, alias “Simon Trinidad,” commander of the FARC Caribbean Front and a member of the FARC senior command, was captured in Ecuador and deported to Colombia. Simon Trinidad, the most senior FARC commander ever captured, was extradited to the United States on December 31st.

On February 10, Omaira Rojas Cabrera alias “Anayibe Rojas Valderrama,” alias “Sonia,” the chief of finances for the FARC Southern Bloc, was captured in a U.S.-supported dawn air assault. The extradition request for “Sonia” is pending before the Colombian Supreme Court.

**Corruption.** The GOC does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or related money laundering. The GOC has enacted appropriate legislation to combat money laundering and related illegal financial flows associated with narcotics trafficking, and established a unit made up of officials of the Ministries of Justice and Finance that tracks the illegal flow of money. Allegations of corruption within the Office of the Prosecutor General (Fiscalia) are now being vigorously pursued by a special internal commission (an inspector general-like unit).

Corruption is more a problem in regional departments than at a national level. A specialized Anti-Corruption Task Force Unit has been established to investigate and prosecute public corruption crimes. Corruption clearly plays a major role in the continued diversion of precursor chemicals. Rogue Colombian policemen allegedly collaborate, and on occasion they have been implicated in the illicit importation, transportation, and/or diversion of controlled chemicals (see separate section on Chemical Control). Colombia is party to the Inter-American Convention Against Corruption. Colombia has also signed and is in the process of ratifying the UN Convention Against Corruption.

**Agreements and Treaties.** Colombia is a party to the 1988 UN Drug Convention, and the GOC’s national counternarcotics plan of 1998 meets the strategic plan requirements of that convention. Recent reforms have generally brought the GOC into line with the other requirements of the convention. In September 2000, Colombia and the United States signed an agreement formally establishing the Bilateral Narcotics Control Program. This effort provides the framework for specific counternarcotics project agreements with the various Colombian implementing agencies.

Colombia and the U.S. are signatories to the OAS Convention on Mutual Legal Assistance. The GOC and the USG are also parties to a Maritime Shipboarding Agreement signed in 1997, providing faster approval for shipboarding in international waters and setting guidelines for improved counternarcotics cooperation with the Colombian Navy and the U.S. Coast Guard.

In August of 2004, Colombia became a party to the UN Convention against Transnational Organized Crime, along with the protocol on trafficking in persons.

**Cocaine.** Based on the most recent CNC cultivation estimates, along with the DEA coca yield and laboratory efficiency data, Colombia had the potential to produce 460 Metric Tons (MT) of 100 percent pure cocaine base/HCl from locally grown coca plants. This was a 21 percent decrease from the previous year. Based on average purities of bulk seizures in the United States, this equates to approximately 560 metric tons of “export quality” cocaine HCl.

**Heroin.** According to the latest USG estimates based on new opium yield data, Colombia had the potential to produce 7.8 metric tons of 100 percent pure heroin. Based on average purities of bulk seizures in the United States, this equates to approximately 10 metric tons of “export quality” heroin.

**Synthetic Drugs.** The availability and consumption of Ecstasy in Colombia are steadily rising. The majority of Ecstasy found in Colombia is brought from Europe in powder form and locally pressed into pills. There has been no evidence of Ecstasy being smuggled from Colombia to the United States, and it is believed that most—if not all—is for local consumption. Actual Colombian production of Ecstasy is believed to be very limited, as only two laboratories have been discovered to date. The

Colombian National Police have active investigations into Ecstasy trafficking organizations, and take part in the multi-national program against synthetic drugs, Operation Aquarius.

**Drug Flow/Transit.** Cocaine is transported by road, river and small civilian aircraft from the Colombian Source Zone to the Colombian Transit Zone north and west of the Andes Mountains. Primary transportation nodes include the larger airports, clandestine airstrips, and seaports from which small go-fast type vessels can transport cocaine. A smaller, but growing cocaine smuggling method is to use small civilian aircraft from clandestine airstrips in eastern and southeastern Colombia to fly cocaine to Brazil, Suriname, or Guyana. From these countries the cocaine is either consumed locally, as in Brazil, or transferred to maritime vessels for shipment to the United States or Europe.

Colombia's coastal regions are major transshipment points for bulk maritime shipments of cocaine and marijuana. The vast majority of the drugs shipped from the coastal regions originate from production areas in the south central portion of the country as well as other less prolific growing areas in the northern third of Colombia. Most shipments are organized by well-established trafficking organizations, which are based in Cali, Medellin, Bogota, and elsewhere.

Go-fast boats are then regularly used to on/off-load drugs onto fishing vessels or other "mother" ships at sea. Go-fast boats also transport drugs to Central American and Caribbean transshipment countries, using refueling ships to extend their range. Fishing vessels and commercial cargo ships continue to be used to transport large quantities of drugs via both Atlantic and Pacific routes. Fishing vessels usually travel to Mexico or other transshipment countries, while cargo ships can go directly to the United States or Europe. The drugs are hidden in container cargo, bulk cargo, or hidden compartments built into ships.

Cocaine is also transported from Colombia to the United States and other countries via commercial air cargo or concealed aboard commercial aircraft. The use of "mules" (couriers) traveling as passengers on commercial airlines is frequent, though the quantities of cocaine transported in this manner are relatively small.

Heroin is often concealed in the lining of clothing or secreted within the lining of luggage. There is also ingestion by airline passengers, or "swallowers." The CNP/Airport Interdiction Group has experienced great success in identifying and arresting "swallowers" at the international airports in Bogota, Cali, and Medellin. There are also significant quantities of heroin being shipped from Colombia's Pacific Coast, particularly from Buenaventura. There are increasing instances of heroin shipments being combined with cocaine shipments on go-fast boats departing from the Atlantic coast.

Colombian heroin transportation organizations use trafficking routes through Venezuela, Argentina, Ecuador, Panama, and Mexico to move heroin to the United States. In many cases, couriers depart from Colombia through the international airports in Bogota, Medellin, Cali, and to a lesser extent, Barranquilla, and then transit one or more countries before arriving in Mexico. From Mexico, the heroin is typically transported across the border into the United States and transported by courier to its final destination.

## IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** The U.S.-supported aerial eradication spray program had another banner year. Some 136,555 hectares of coca and 3,060 hectares of poppy were sprayed by the DIRAN during 2004, surpassing last year's record numbers. Closer intelligence coordination and more intensive utilization of the Colombian Army's (COLAR) U.S.-supported Counternarcotics Brigade, which provides on-the-ground security for eradication operations has resulted in a dramatic reduction in the number of hostile fire impacts on our spray aircraft. In addition to enhancing security, this measure has helped to sustain the operational tempo of eradication operations by reducing time lost to repair damaged aircraft. During the year only one spray aircraft was lost, with no fatalities.



The USG constructed a satellite imagery laboratory and trained counternarcotics police to operate the equipment and analyze data collected to improve coca field detection and mapping. This facility, in conjunction with the intelligence fusion center, has greatly increased the ability of the counternarcotics police to locate illicit crops.

The Plan Colombia Helicopter Program (PCHP), consisting of UH-1N, UH-1H II, UH-60, and K-MAX helicopters, continued to provide dedicated support to the Counternarcotics Brigade and, when available, provided other support to human rights-certified COLMIL and Public Security Forces. In 2004, PCHP aircraft flew 19,600 hours, carried 30,110 passengers, transported 2,148,389 pounds of cargo and conducted 110 medical evacuation missions for both military and civilian personnel. This year the program lost one UH-1H II and suffered extensive damage to a UH-1N. Operational highlights include participation in four high value target (Cabecilla) missions, including one resulting in the capture of Omaira Rojas Cabrera, alias “Sonia.” In April 2004, the Embassy’s country team developed a nationalization plan. The plan laid out an aggressive timeline for the completion of both pilot and maintenance personnel training. The plan’s objectives were met for 2004, and the majority of resources are in place to meet 2005 objectives.

U.S. Customs and Border Protection provides training and technical assistance to improve the ability of border control agencies in Colombia to combat money laundering, contraband smuggling and commercial fraud. Several Customs disciplines support the national effort in the region through Plan Colombia. To date \$1.3 million in training and technical assistance has been provided through the program.

The USG supports DIRAN’s aviation unit (ARAVI), comprised of 20 fixed-wing and 62 rotary-wing aircraft. In addition to counternarcotics missions, ARAVI has, with Embassy approval, used USG-supported assets for humanitarian missions, targeted intelligence gathering, antiterrorism, antikidnapping, and public order missions. The USG also helped ARAVI reach an agreement with the Colombian Air Force (COLAF) to train ARAVI pilots at the Bogotá-based COLAF simulator, thereby eliminating the need to send ARAVI pilots to the United States for instrument training. The USG has initiated in-country high-altitude training for ARAVI and has worked with ARAVI to explore possibly reintroducing the use of night vision goggles in 2005.

The Air Bridge Denial (ABD) program completed 16 months of operations. ABD operations in 2004 contributed to the destruction of thirteen aircraft, the capture of three aircraft in Colombia and eight others in Central America, and the seizure of almost three metric tons of cocaine.

USG and GOC joint efforts are having a major impact on illicit agriculture. To encourage farmers to abandon the production of drug crops, INL funding apportioned to USAID has supported the cultivation of over 60,000 hectares of legal crops and completed 874 social and productive infrastructure projects. More than 50,000 families in 17 Departments have benefited from these programs.

In addition to combating drug production and trafficking, INL funding apportioned to USAID is assisting Colombians in areas that have been most ravaged by the drug trade. For example, the USG has improved the delivery of public services in 35 municipalities, including the delivery of potable water and sewage treatment. To date, the USG has provided non-emergency support for over two million Colombians internally displaced by narcotics terrorism, including aid for over 2,000 former child soldiers. A total of seven peaceful-coexistence centers have been created in small municipalities to provide onsite administrative and legal assistance, educational opportunities, and a neutral space for community meetings, discussions, and events. Additionally, the GOC’s presence in rural areas was expanded by the creation of 37 Justice Houses, which offer access to justice and peaceful conflict resolution.

The USG has entered into an agreement with the GOC to provide a laboratory for soil and water analysis in support of the aerial spray program. NAS has also entered into a similar agreement with the Colombian National Institute of Health on a laboratory for blood and urine analysis in support of public health monitoring for potential chemical poisoning from agricultural chemicals.

The USG, through the Justice Sector Reform Program and rule of law assistance, is helping in the reform and strengthening the criminal justice system in Colombia. DOJ and USAID have provided training, technical assistance, and equipment to enhance the capacity and capabilities of the Colombian system and to make it more transparent to the public at large.

**The Road Ahead.** The GOC, with substantial USG support, has had significant successes since its Plan Colombia was instituted in late 1999. If the effort is sustained and assistance bolstered for the next few years, the trend of decreased cultivation and increased interdictions will continue. That, combined with the improving governance and decreasing criminality, and general economic and developmental improvement, should cripple the illicit drug producing industry and reduce the flow of drugs into the U.S. and diminish the power and influence of narcotics trafficking organizations.

Colombia, bravely led by President Alvaro Uribe, has demonstrated the political will to deal with the scourge of narcotics terrorism. Success in Colombia will increasingly hinge on maintaining the political will, combined with USG assistance, to solidify the gains already made and to lock in long-term results. The benefits of our efforts in Colombia are not limited to law enforcement and counternarcotics successes. Democracy, economic stability, respect for the rule of law and human rights, and security have all been enhanced by Colombian and U.S. counternarcotics programs in Colombia.

# Colombia Statistics

(1995–2004)

	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Coca</b>									
Potential Harvest (ha)	—	113,850 —	144,450	169,800	136,200	122,500	101,800	79,500	67,200
Eradication (ha)	136,555	132,817	122,695	84,251	47,371	43,246	—	19,000	5,600
Estimated Cultivation (ha)	—	246,667	267,145	254,051	183,571	167,746	—	98,500	72,800
HCl: Potential (mt)		460	571	839	580	520	435	350	300
<b>Opium</b>									
Potential Harvest (ha)	—	—	—	6,500	7,500	7,500	6,100	6,600	6,300
Eradication (ha)	3,060	—	3,371	2,583	9,254	—	—	6,972	6,028
Estimated Cultivation (ha)		—	TBD	9,083	—	—	—	13,572	12,328
<b>Cannabis</b>									
Potential Harvest (ha)	5000	5000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Eradication (ha)	—	—	—	—	—	—	—	—	—
Estimated Cultivation (ha)	5000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Potential Yield (mt)	4,000	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150
<b>Seizures</b>									
Heroin (mt)	.687	0.5	0.77	0.78	0.572	0.504	0.317	0.261	0.183
Opium (mt)	.835	—	0.11	0.002	—	0.183	0.100	0.120	0.036
Cannabis (mt)		126.1	76.9	36.6	46	65	69	136	235
Base/Basuco (mt)	30.1	31.1	30	26.70	—	9.00	29.30	10.00	17.50
Cocaine HCl (mt)	148.2	114.0	94	57.30	69.00	22.73	54.70	34.00	23.50
Total HCl/Base (mt)	178.3	145.1	124	80.00	69.00	31.73	84.00	44.00	41.00
<b>Total Arrests</b>	63,791	—	15,868	15,367	8,600	—	1,961	1,546	1,561

# Ecuador

## I. Summary

Sharing porous borders and a contiguous seacoast with Colombia and Peru, Ecuador is a major transit country for illicit drugs and chemicals. The violent conflict in Colombia complicates drug interdiction on Ecuador's northern border but drug seizures in the northern border area increased in 2004 thanks to improved police and military activity. Most drugs leave Ecuador by sea. Ecuadorian authorities are seeking to improve port cargo inspections. Three of Ecuador's public ports met ISPS standards on time. The use of advanced inspection technology increased in 2004. Cocaine seizures through November 2004 were at levels substantially below those of 2003, while seizures of heroin and precursor chemicals continued at a high level. Uneven implementation of the new criminal procedures code, a faulty judicial system and conflicting laws hamper prosecutions. The USG provides equipment, infrastructure and training to help improve counternarcotics performance.

Ecuador is a party to and has enacted legislation to implement the provisions of the 1988 UN Drug Convention.

## II. Status of Country

Weak public institutions, widespread corruption and a poorly regulated financial system make Ecuador vulnerable to organized crime. Border controls of persons and goods are undependable. Much of the population lives in poverty. Scanty government presence in a large portion of the country contributes to lawlessness. The National Police (ENP) and military forces are inadequately equipped and trained.

There is no evidence that significant illicit crops or drugs are produced in Ecuador. However, coca base, cocaine hydrochloride and heroin from Colombia and Peru are distributed internationally through Ecuador's sea and airports in volumes ranging from a few hundred grams to multi-ton loads. Detected shipments of drugs via international mail and messenger services continued to increase in 2004. The USG is helping the Government of Ecuador (GOE) to strengthen the rule of law and to improve civil security.

## III. Country Actions Against Drugs in 2004

Ecuadorian laws implementing the 1988 UN Drug Convention include criminalization of the production, transport, and sale of controlled narcotic substances; the import, transport and/or use of precursor chemicals without an appropriate permit from the Ecuadorian National Drug Council (CONSEP); any attempt to conceal the profits from narcotics trafficking activities; the intimidation or corruption of judicial and public authorities in respect to drug crimes; and illicit association related to drug trafficking and profiteering.

**Policy Initiatives.** The Ecuadorian Government published a new national drug strategy and its implementation plan in 2004. The documents call for the strengthening of institutions and laws related to drug trafficking and promise the revitalization (including adequate budget support) of the National Drug Council, CONSEP. According to the implementation plan, a new multi-institutional action committee will be constituted to plan and prepare technical initiatives to carry out the national strategy. The reorganization and re-staffing of CONSEP, begun in 2003, continued through 2004. Some confiscated property was sold by CONSEP in 2004, the first such sales in several years. CONSEP activity against trafficking in controlled precursor chemicals continued at the high level initiated in 2003, though other planned CONSEP improvements lagged because of insufficient

funding. Military and police forces generally cooperated at the local level, conducting some joint operations in 2004 to destroy illicit crops and seize precursor chemicals. The GOE continued to reinforce its security presence in the northern border area.

**Accomplishments.** The Counternarcotics Directorate (DNA) of the National Police, established in 1999, was increased from 1229 to 1305 members in 2004. Using the trainers and curriculum developed in 2001-2002 with USG assistance, training in implementation of the new code of criminal procedures was expanded to 698 police and other judicial operators throughout the country.

The USG-built cargo inspection facility in Manta port was opened early in 2004. Other USG-financed infrastructure projects are in construction or design phases in Esmeraldas, Carchi, Sucumbios and El Oro provinces. Further improvements were made in the National Police intelligence data and voice communications networks. The management of the Quito and Guayaquil airports provided space for advanced technical inspection equipment, including digital x-rays that began service in 2004. The GOE's 2005 national budget includes no earmarked administrative funds for the DNA. The National Police allocated seven additional new vehicles to the DNA fleet in 2004.

Total cocaine seizures through November 2004 were 3.44 metric tons. Heroin seizures in this period totaled 262.34 kilograms. Cannabis seizures were 576 kilograms.

The improvement in chemicals control begun in the second half of 2003 continued through 2004 with a high level of seizures but no prosecutions to date.

The new Code of Criminal Procedures promulgated in 2001 is still applied unevenly. An extensive revision of the new code, correcting numerous shortcomings in the original revised law, was pending Congressional debate at the end of 2004.

**Law Enforcement Efforts.** Ecuadorian law enforcement agencies cooperate well with U.S. and other foreign law enforcement agencies. There are occasional delays in obtaining GOE permission to board and seize Ecuadorian vessels engaged in illicit activities at sea. Cooperation between the USG and GOE in 2004 resulted in several successful drug interdiction operations and the dismantling of some international trafficking organizations.

**Arrests and prosecutions.** A total of 1632 Ecuadorians and foreigners were arrested for drug trafficking from January through November 2004. While many arrests result in convictions, prosecutions in general are impeded by the dysfunctional judicial system and persistent confusion over proper implementation of the 2001 Code of Criminal Procedures.

**Corruption.** Ecuadorian law criminalizes the illicit production or distribution of drugs or other controlled substances, as well as the laundering of drug money. The 1990 drug law (Law 108) provides for prosecution of any government official who deliberately impedes the prosecution of anyone charged under that law. Some elements of other official corruption are criminalized in Ecuadorian laws but there is no comprehensive anticorruption law. There were no known allegations of, or prosecutions for drug-related official corruption in 2004. Cesar Fernandez, the former Governor of Manabi Province and prominent politician arrested in October 2003 while personally packaging a large shipment of cocaine for export, was convicted in October 2004 and sentenced to sixteen years in prison. His principal Mexican and Colombian co-defendants received sentences of twenty-five years.

**Agreements and Treaties.** Ecuador and the United States signed a customs mutual assistance agreement in 2002. Ecuador is a party to the UN Convention against Transnational Organized Crime and its protocols dealing with migrant smuggling and trafficking in persons.

The United States-Ecuador extradition treaty is outdated. There has been informal dialogue about its possible revision, but no action has been taken. Ecuador has cooperated with the USG to deport or extradite non-Ecuadorian nationals. The Ecuadorian constitution prohibits the extradition of

Ecuadorian nationals. However, the negotiation of a new extradition treaty depends on whether Ecuador is ready to amend its constitution to permit the extradition of Ecuadorian nationals.

Ecuador is a party to the 1988 UN Drug Convention and has a narcotics law that incorporates its provisions. The UNODC has conducted counternarcotics law enforcement projects in Ecuador for several years.

The GOE agreed in 1999 to permit the USG to operate a forward operating location (FOL)—also known as a cooperative security location (CSL)—for counternarcotics surveillance at the Ecuadorian Air Force base in Manta. The FOL is in full operation.

The Government of Ecuador has signed bilateral counternarcotics agreements with Colombia, Cuba, Argentina and the United States, as well as the Summit of Americas money laundering initiative and the OAS/CICAD document on an Anti-Drug Hemispheric Strategy.

In 1991, the GOE and the USG entered into an agreement on measures to prevent the diversion of chemical substances. In 1992, the two governments concluded an agreement to share information on currency transactions over USD 10,000.

The GOE has met the requirements of annual agreements with the United States concerning the provision of assistance for counternarcotics activities. The U.S. and Ecuadorian governments are cooperating to improve interdiction of illicit drugs and chemicals and to improve Ecuadorian safeguards against terrorism and illegal migration. USAID's Andean Missions (Bogota, Quito, Lima and La Paz) are collaborating on a study of the macro- and micro-economic impacts of narcotics production, processing, transportation, and money laundering within each country and cross-border.

**Cultivation/Production.** Ecuadorian security forces located and destroyed about 3,300 mature cultivated coca plants and 14,000 seedlings in scattered locations near the northern border in 2004. The absence of significant cultivation and of processing laboratories suggests that drug production is not now a serious problem in Ecuador, although the threat is always present due to Ecuador's geographic location and widespread poverty.

**Drug Flow/Transit.** Law enforcement officials generally believe that the illicit traffic in chemicals in Ecuador is greater than indicated by the relatively small volume of chemicals seized. The U.S. Government, other cooperating governments and the United Nations are working with the Ecuadorian Government to correct deficiencies in the chemical control regime. Ecuador continues to meet 1988 UN Drug Convention objectives regarding chemicals, and has signed a cooperative agreement with the European Union.

Petroleum ether or "white gas," declared a controlled substance by CONSEP in June 2003, continues to be trafficked from Sucumbios Province to neighboring Putumayo Department, Colombia. GOE security forces, primarily the Army, closed down the principal diversion points in 2003 but continue to make substantial seizures of the chemical. CONSEP is investigating possible continuing sources of illicit petroleum ether in more remote oil fields near the Colombian border.

The USG and the Government of Ecuador have a bilateral agreement under which the Drug Enforcement Administration (DEA) notifies CONSEP in advance of pending chemical shipments. These notices are passed on to port inspectors, who seize all controlled chemicals which enter the country without proper documentation or when the quantity surpasses that which was authorized by CONSEP. Both CONSEP and police records are available to DEA as they relate to narcotics or controlled chemical seizures.

**Domestic Programs (Demand Reduction).** Prevention of domestic drug abuse has long been an important part of the Ecuadorian government's drug strategy and receives greater emphasis in the revised strategy published in 2004. Coordination of abuse prevention programs is the responsibility of CONSEP, whose new management is seeking to reinvigorate a multi-agency national prevention

campaign. National prevention activities currently are conducted primarily through the schools and supported by the USG. All public institutions, including the armed forces, are required to have abuse prevention programs in the workplace. The counternarcotics police conduct an abuse prevention program in selected communities.

**Asset seizure.** By law, seized assets cannot be forfeited until the owner is convicted of a drug offense and a judge orders their forfeiture. Judges commonly are tardy in issuing forfeiture orders. Problems arise in relation to the safeguarding of assets pending forfeiture. Real estate, vehicles and other personal property have historically been used by government agencies or officials and depreciated during the interim. The responsible governmental agency, CONSEP, is trying to curb this practice by establishing new inventory controls. CONSEP recently sold a relatively small amount of forfeited property, primarily vehicles.

**Alternative Development.** UDENOR, the Ecuadorian agency for northern border development established in 2000 to coordinate economic and social development programs in the country's vulnerable northern border region, continued its implementation of the government's USD 465 million northern development master plan. The plan, critically dependent on the support of foreign donors, aims at "preventive" rather than "alternative" development, since illicit crop cultivation is not currently significant in the area but is a severe problem in the immediately adjacent region of Colombia. Broadly stated, the plan seeks to increase citizen satisfaction with the performance of local democratic institutions, increase availability of basic infrastructure (potable water, sanitation, bridges, farm-to-market roads) and to increase licit income and employment for small and medium farmers in Ecuador's northern border provinces.

USAID Directors in Quito and Bogota have initiated exchange of information on alternative development, decentralization and environmental activities in the Provinces along the Ecuador-Colombia border.

## IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** U.S. counternarcotics assistance to Ecuador aims at improving the professional capabilities, equipment and integrity of police, military and judicial agencies to enable them to counter illicit drug activities more effectively. An initiative begun in 2001 and continuing through 2004 seeks to improve the staffing, mobility and communications of military and police forces in the northern border region. Resources are being provided to the Ecuadorian Navy for expanded patrol and interdiction operations on Ecuador's northwestern coast.

In 2002, the USG funded a Judicial Police training program whose purpose was to educate the judicial police on the new penal code. Trainers who successfully completed that first course are now training their colleagues. A revised law correcting some inadequacies of the reform was scheduled for debate in Congress at year's end.

Communications equipment, ground vehicles and the canine program continue to be areas supported through USG assistance and for which recent successful operations can be credited. Digital x-rays and ion scanners provided by the USG are being used for cargo and passenger inspections in many locations.

USG-funded counternarcotics "preventive alternative development" programs are contributing strongly to the Ecuadorian Government's Northern Border plan. To increase citizen satisfaction and demonstrate the legitimacy of democratic institutions, a large social and productive infrastructure program has built dozens of water and sanitation systems, bridges and small irrigation projects. To complement the infrastructure program, a new Northern Border local government development program was initiated in July 2004 to strengthen local governments and citizen participation in 10 priority municipalities.

Licit income and employment activities focus on competitive rural industries within “clusters” (including distributors, wholesalers, processors, post-harvest agents, producers, raw material suppliers, etc), working in unison to identify and overcome constraints to greater productivity, stronger competitiveness and sustainability. The initial priority sub-sectors being supported are cacao, coffee and vegetables.

Elements of Ecuador’s private sector are active participants in the U.S. Customs Service’s Business Anti-Smuggling Coalition (BASC) program, particularly on the coast. This program seeks to increase the effectiveness of law enforcement officers in their efforts to deter narcotics smuggling in commercial cargo shipments and conveyances by enhancing private sector security programs. Many Ecuadorian companies, organized into two BASC chapters, participate in the program to eliminate the infiltration of drugs into their legitimate commercial shipments to U.S. markets. BASC is part of DHS’s Americas Counter-Smuggling Initiative (ACSI).

All initiatives and strategies are jointly planned and coordinated with the GOE and are formalized in annual letters of agreement under which the USG grants assistance to the GOE.

**Bilateral Cooperation.** Ecuadorian Government officials met frequently with their Colombian counterparts concerning border issues. Ecuadorian police operational and intelligence communications systems now being developed provide for compatibility with other police agencies in the region to facilitate a rapid exchange of information.

**The Road Ahead.** The USG will seek improved performance in military/police collaboration, seaport and coastal control, police intelligence and land route interdiction through the provision of training and essential infrastructure and equipment. Special emphasis will be given to the detection and prosecution of money laundering, expanded training of police, prosecutors and judges and the interdiction of illicit chemical precursors. USAID will continue to improve communications and coordination between implementing organizations to improve service delivery and increase public awareness about USG and GOE efforts. In addition, it will intensify USG support to civil society efforts in the oversight of judicial performance and independence.



# Paraguay

## I. Summary

In 2004, the Government of Paraguay's (GOP) Anti-Drug Secretariat (SENAD) completed the final phase of a restructuring program approved by President Duarte in 2003 to bring the remaining SENAD agents into the semi-vetted unit program. The Major Violators Unit (MVU) carried out successful operations to disrupt cocaine trafficking networks—increasing cocaine seizures over last year, and arresting several Brazilian drug fugitives, including the head of a major international drug trafficking organization with connections to the Revolutionary Armed Forces of Colombia (FARC). The GOP also submitted a new money laundering law for consideration by the Congress. SENAD's new internal affairs section is now operational. It completed further training and developed a new policies and procedures manual. Paraguay is a party to the 1988 UN Drug Convention.

## II. Status of Country

Paraguay remains a transit country for between 40 and 60 metric tons of Colombian, Bolivian and Peruvian cocaine destined for Argentina, Brazil, Europe, and Africa. Brazilian nationals, some of whom purchase cocaine from the FARC with currency and weapons, head most trafficking organizations in Paraguay. Paraguay is also a source country for high-quality marijuana that is not trafficked to the U.S.

## III. Country Actions Against Drugs in 2004

**Policy Initiatives.** Under Minister Hugo Ibarra's five-year leadership, SENAD has become more effective in targeting major narcotics traffickers operating in Paraguay. In November, Minister Ibarra announced the final phase of a reorganization to expand the semi-vetted program and remove all Paraguayan National Police from its ranks. Under this initiative, the remaining police officers working for SENAD will return to police ranks and the remaining SENAD agents who were previously not part of the semi-vetted unit will be included, bringing the total number of agents in the semi-vetted unit to approximately 100. Additional personnel will form a container and precursor chemical investigations group and support counternarcotics operations. In 2005, DEA plans to bring SENAD's money-laundering investigations group into the semi-vetted unit program.

In October 2004, SENAD participated, for the first time, in a meeting of the countries that make up the Seis Fronteras ("Six Borders"), which was first formed in 2000 by Colombia, Peru, Bolivia, Venezuela, Ecuador, Argentina, Brazil and Chile to exchange intelligence and coordinate narcotics trafficking operations. The group now includes all South American countries. As a result of information gained from this meeting, SENAD made plans to formally establish a precursor chemical diversion group and began conducting inspections of imports. In November, SENAD agents discovered and seized a tanker filled with 10,000 liters of toluene, a precursor chemical used to make cocaine.

**Accomplishments.** The capture of Brazilian fugitive and accused arms/drug trafficker Ivan Carlos Mendes-Mesquita was a significant accomplishment in 2004. Mesquita, a Brazilian national with FARC connections, headed the Mesquita Drug Trafficking Organization operating in Paraguay and Brazil. SENAD MVU officers and Paraguayan Military Special Forces, with the support of the Brazilian Federal Police, and DEA conducted a successful operation at Mesquita's ranch, in the Chaco, in western Paraguay, which resulted in the arrest of Mesquita and seven members of his drug trafficking organization. Over 262 kilograms of cocaine were seized during this operation. The United

States has initiated an extradition request for Mesquita, and the GOP has indicated its willingness to expedite the process. Additionally, Paraguay has been successful in either expelling or securing extradition orders for five more Brazilian drug traffickers: Sandro Mendonca do Nascimento, Silvio Barri, Odacir Antonio Dametto, Mauro Alberto Parra, and Rogerio Learti Antonello of the Beira Mar organization, who had been living as fugitives in Paraguay for a number of years. This is a further indication of increased cooperation between Brazil and Paraguay.

Joint Paraguayan-Brazilian counternarcotics “Alliance” exercises continued in 2004 with an operation in December in which approximately 40 SENAD Special Forces officers participated and destroyed approximately 237 hectares of marijuana.

In 2004 SENAD seized 453 kilograms of cocaine, 27,084 kilograms of marijuana, 16 weapons, 16 vehicles and five planes. According to SENAD figures, the total financial loss to narcotics traffickers this year from these seizures was over \$22.8 million.

**Law Enforcement Efforts.** Paraguay continues to strengthen SENAD’s counternarcotics and investigative operational units and inaugurated its first forensic laboratory in 2004. According to SENAD, 189 persons, including drug producers and distributors, were arrested in 2004. The Attorney General’s office designated one prosecutor for narcotics cases and the Supreme Court reaffirmed the assignment of two magistrates as special narcotics judges. SENAD’s canine program continued successful operations in 2004, discovering 92.4 kilograms of cocaine and 176 kilograms of marijuana during airport and bus terminal searches, resulting in 30 arrests. INL plans to expand the program in 2005 by purchasing four additional canines to be placed in SENAD’s regional offices, for a total of 14.

**Asset Forfeiture.** In 2004, the GOP received approximately \$14,500 in proceeds as the result of the auction of an aircraft seized in 2002. SENAD will use this money on much-needed resources, including computers, printers, and software. Another \$100,000 is expected from the planned auction of a seized twin-engine aircraft. SENAD plans to allocate \$35,000 for weapons purchases.

**Corruption.** While there is no evidence that the government or any senior official facilitates the distribution or production of narcotics or other controlled substances, SENAD operations continue to be negatively affected by corruption within the Paraguayan National Police (PNP) and corruption and inefficiency within the Attorney General’s office and the judiciary. There is strong evidence that high-ranking PNP officials have compromised planned counternarcotics operations and provided protection to narcotics traffickers.

SENAD has developed an internal policies and procedures manual, with the help of the Department of Justice Inspector General’s Office, to be used in guiding its recently established internal affairs unit formed to handle cases of corruption within the agency. Polygraph tests have continued to play a major role in the integrity of SENAD—all SENAD agents passed the most recent administration of polygraph tests in October.

**Agreements and Treaties.** Paraguay is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. It ratified the UN Convention against Transnational Organized Crime, Inter-American Convention Against Corruption and the Inter-American Convention Against Terrorism. It also signed the OAS/CICAD Hemispheric Drug Strategy. Paraguay has law enforcement agreements with Brazil, Argentina, Chile, Venezuela, and Colombia. The U.S.-Paraguay Extradition Treaty entered into force on March 9, 2001, and permits the extradition of nationals. The 1987 bilateral letter of agreement, under which the U.S. provides counternarcotics assistance to Paraguay, was extended in 2004.

**Cultivation/Production.** Marijuana is the only illicit crop cultivated in Paraguay, and it is harvested throughout the year. Driven by a weak economic situation and the relatively high price paid by traffickers for cultivation, marijuana production has increased, spreading to non-traditional areas of the

country. SENAD destroyed 753 hectares of marijuana plants in 2004 (enough to produce 2,259,000 kilograms of marijuana) out of an estimated 5,500 hectares under cultivation. Also, in 2004, SENAD discovered that traffickers had developed a new hybrid of marijuana that can grow during the dry winter months. This has resulted in a more stable production of marijuana crops year-round, versus the decline in production that used to occur during the winter months.

**Drug Flow/Transit.** U.S. law enforcement officials estimate that 40-60 metric tons of Colombian, Bolivian, and Peruvian cocaine continue to transit Paraguay annually enroute to Brazil, Argentina, Europe and Africa. There is anecdotal evidence that the Brazil Air bridge Denial program is causing more traffickers to use Paraguay as a staging area for smaller shipments of cocaine via land into Brazil.

None of the marijuana produced in Paraguay is trafficked to the U.S.—SENAD estimates that nearly 85 percent is destined for the Brazilian market, 10-15 percent for other Southern Cone countries and between 2-3 percent consumed domestically.

**Demand Reduction Program.** According to a national study on drug consumption carried out by SENAD in partnership with OAS/CICAD and published in August, marijuana continues to be the most commonly abused drug by adults (alcohol excepted) in part due to ease of access. Abuse of cocaine remains minimal with only 0.7 percent of the population surveyed having tried it once in their lifetime. Among children 6-14 years old, glue continues to be the most abused drug and its use is increasing. The SENAD's Office of Demand Reduction does a significant amount of outreach work, primarily in schools. SENAD has the principal coordinating role under the National Program Against Drug Abuse and works with the Ministries of Health and Education and several NGOs. In 2004, over 20,000 people received SENAD's counternarcotics message through formal training, informal discussions, and informational materials.

A feasibility study was conducted in 2004 to examine the potential for growing stevia (a herb native to Paraguay that can be used as a sugar substitute) as a crop replacement for marijuana. The study found that there was potential to produce stevia in the marijuana-growing regions of Paraguay, however, it is not yet known the extent to which this will serve as a successful replacement of marijuana due to insufficient market demand.

## IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** The disruption of narcotics trafficking through training and equipping of an effective investigative and interdiction force, a strong GOP institutional effort against money laundering, and a decrease in public corruption continue to be USG priorities in Paraguay. To accomplish these goals, the USG will continue to support professional development and institutionalization of SENAD to promote more effective counternarcotics and organized crime investigative and operational capability through training, technical assistance, equipment, and other support. The recent reorganization of SENAD will also facilitate greater focus on shipping containers and the prevention of pre-cursor chemical diversion. Once the new anti-money laundering legislation is passed, the USG will work closely with judicial and law enforcement agencies on its implementation to make progress against trafficking networks.

In October, INL sponsored two SENAD agents' attendance of a four-week training course for police narcotics supervisors and investigators in Guatemala. Topics covered included profiling of drug traffickers, asset seizures, processing of information and intelligence, and chain of custody. INL plans to make the information gained from this course a standard part of SENAD's training curriculum.

**The Road Ahead.** SENAD now has the legislative and operational tools to track and bring down drug trafficking organizations and prosecute them. The GOP now needs to take measures to enable effective investigations leading to the arrest and prosecution of major drug traffickers and corrupt officials and

their associates. Combating official corruption remains a considerable challenge for the GOP. The next phase of the counternarcotics program involves improving the technical abilities of the agents to support operations. INL will support the development of a centralized database for storing and sharing intelligence data that will greatly enhance SENAD's ability to conduct investigations. DEA continues to work with SENAD, providing guidance on operations and investigations.

# Peru

## I. Summary

Drug traffickers continue to move coca products out of Peru by land, air, and sea, as well as opium latex and morphine across northern land borders, to U.S., South American and European markets. Maritime smuggling of larger cocaine shipments is the primary method of transporting multi-ton loads of cocaine base and cocaine hydrochloride (HCl). In 2004, record-breaking cocaine seizures included four tons of cocaine base intercepted at sea and almost two tons of cocaine HCl packed in frozen squid from Peruvian seaports. Mexican trafficking organizations are implicated in using Peru as a primary source of cocaine base and HCl. Dense coca cultivation is increasing in new areas outside the traditional source zones of Monzon and Apurimac/Ene Valleys. With United States Government support, Peru eradicated almost 10,000 hectares of coca in CY 2004: almost 7,500 through conventional eradication, and 2,500 through alternative development (ADP)/voluntary eradication. ADP supported legal productive activities on almost 20,000 hectares. Increased opium latex seizures are one indication of an upward trend in poppy cultivation along Peru's Andean ridge, although the Government of Peru (GOP) has not been able to determine the exact location or amount of land used for opium poppy fields. Peruvian National Police (PNP) eradicated almost 100 hectares of opium poppy in 2004. In a positive move, Congress passed a new law to control precursor chemicals used in cocaine processing, which will go into effect in early 2005. Less positive is the increased support by members of Congress for cocalero demands for more permissive coca laws. In July, the U.S. Government designated Fernando Zevallos as a drug kingpin and froze his assets in the United States, including those of his airline Aerocontinente, which has since gone out of business.

## II. Status of Country

Trafficking organizations continue to use all available methods to move coca products out of Peru via air, river, land and maritime routes to Mexico, Bolivia, Brazil, Colombia, Ecuador, Chile and other transshipment points. Opium latex and morphine moved overland north into Ecuador and/or Colombia, where they are collected and converted to heroin for subsequent export to the U.S. and Europe. Maritime smuggling of larger cocaine shipments has become the primary method of transporting multi-ton loads of cocaine base and cocaine hydrochloride (HCl).

Historically, Peruvian and Colombian traffickers sent multi-ton quantities of cocaine base from Peru to Colombia for conversion to cocaine HCl. Colombian traffickers' demand for Peruvian coca has diminished in recent years as they relied more on coca cultivation and base production in Colombia. Mexican traffickers, however, have begun to utilize Peru as a primary source of cocaine base and HCl. Several significant cocaine seizures in Peru in 2004 were linked to Mexican trafficking organizations.

Beyond changes in trafficking patterns, there are indications that the coca cultivation landscape in Peru is also changing. Coca growers have established new areas of dense coca cultivation outside of the traditional source zones of the Upper Huallaga/Monzon and Apurimac/Ene Valleys. Areas of new growth include the regions of Puno, Pasco, La Libertad, Cajamarca and Amazonas. Satellite imagery and overflights of Peru's Putumayo region indicate only scattered concentrations of coca plants. Coca in these new areas is young, dense, and surrounded by seedbeds for more expansion.

Apart from expanding coca cultivation and the threat of increased cocaine production, anecdotal evidence and latex seizures indicate an upward trend in opium poppy cultivation in Peru. This illicit activity, originally introduced by Colombian traffickers, has resulted in widely dispersed cultivation of opium poppy in northern Peru. This year, the Peruvian National Police (PNP) has eradicated almost 100 hectares of opium poppy and have seized several shipments of low quality opium latex and some

morphine base. Intelligence indicates that opium latex is being shipped overland to Ecuador and Colombia for morphine base and ultimate heroin production.

In 2004, separate national and high school student drug-use surveys revealed that Peruvians view drugs as the second most serious problem for Peru after the state of the economy. The national survey found that over 91 percent link coca cultivation and narcotics trafficking, yet a majority view coca growers as victims rather than as accomplices of narcotics traffickers. The national survey reports that four percent of the population between the ages of 12-64 has used cocaine at least once in their lives, up from two percent in 2002. Consumption of cocaine base and marijuana nearly doubled as well. Among students marijuana is the most commonly used drug (6.7 percent), followed by inhalants (gasoline and glue) (4.7 percent), cocaine (3.9 percent), and cocaine base (3.6 percent). The first reported use of cocaine or cocaine base starts at 13 years of age. Eighty percent of the students say they have received counternarcotics messages in school but only half of those students have participated in formal drug prevention classes, events, or activities.

### III. Country Actions Against Drugs in 2004

**Law Enforcement Efforts.** In 2004, the GOP made significant strides in the investigation and dismantlement of major drug trafficking organizations and attacking drug-processing sites in key growing valleys of the Upper Huallaga/Monzon and Apurimac/Ene. The Peruvian National Police Narcotics Directorate (DIRANDRO) mounted several successful operations in the Monzon and Apurimac Valleys destroying almost 800 rustic cocaine labs and 845 metric tons of coca leaf. To further complement these and other chemical enforcement successes, DIRANDRO has re-initiated road interdiction operations in support of broader interdiction operations in the coca growing regions of Peru.

The U.S. Embassy helped DIRANDRO successfully identify and disrupt major international cocaine trafficking organizations responsible for maritime and air shipment of metric tons of cocaine to U.S., South American, and European markets. In 2004, approximately 5.7 metric tons of cocaine base and 7.11 metric tons of cocaine HCl were seized. The USG and GOP have cooperated to improve port security and to address increased maritime smuggling at key Peruvian port locations (see Section IV).

**Eradication of Illicit Coca Cultivation.** Peru eradicated 10,500 hectares of coca in CY 2004. Almost 8,000 hectares were conventionally eradicated, while 2,500 hectares were voluntarily eradicated, for a total of 10,500. Voluntary eradication programs were directed at consolidating the work of the previous year but were unable to expand into the more hard core growing areas. Conventional eradication targeted areas of coca expansion, eradicating 3,586 hectares in the jungle near Pucallpa, 1,806 near Ciudad Constitution on the border between Huanaco and Pasco, and 1,300 in Puno, adjacent to Bolivia. Along with the dense, young coca, the GOP eradication agency (CORAH) eradicated 34,042 square meters of seedlings, enough to plant 2,270 hectares. CORAH plans to return to Puno in 2005 to finish eradicating another 2,000 hectares of illegal coca.

**Licit Use Study.** In 2004, the National Commission for Development and a Life Without Drugs (DEVIDA) and the National Statistics and Information Institute (INEI) published a rigorous scientific study of traditional use of coca: chewing, ceremonial, and divination. The study established important parameters that have framed the domestic policy debate over coca that would serve as a basis for an effective coca law. They are that licit demand for coca leaf in Peru is 8,800 tons, and 84 percent of coca leaf harvested in Peru goes to production of illicit drugs. Moreover, Empresa Nacional de La Coca (ENACO), the GOP agency that registers, buys, and sells legal coca leaf, purchases only 33 percent of the leaf destined for legal consumption in Peru. The rest is sold via informal markets. One result of this study was closer GOP scrutiny of ENACO in 2004. Internal auditors uncovered corruption and other problems in ENACO that the GOP is working to resolve. Cocaleros (coca growers) also lobbied to dismantle ENACO for not buying enough coca leaf. While the GOP is

working to develop a more modern database of those who sell to ENACO and clarify existing commercialization mechanisms, ENACO has failed in its mandate to establish strict controls of the licit coca leaf market and, thereby, to effectively deter illegal coca production.

**Congress and Legislation.** Congress unanimously passed a new law to tighten controls over precursor chemicals used to process coca into cocaine. The law will go into effect in early 2005. However, an increasing number of members of Congress have expressed sympathy for coca grower aims. While most Peruvian voters do not appear to sympathize with coca growers or traffickers, cocaleros have been a vocal and strident political voice; Congress established a Multi-Party Commission in mid-2004 to study the coca issue after a series of cocaletero demonstrations in the first five months of 2004; many of the Commission members were supportive of cocaleros. Much of the public discourse, including that of many political leaders, is for a new coca law that would diminish controls and enlarge the rolls of “licit” coca growers. Several Peruvian Congressmen introduced differing versions of a new coca law that would be inimical to efforts to reduce coca cultivation. The GOP is developing its own draft law that seeks to limit coca production to the 9,000 metric tons needed to supply the legitimate domestic demand for coca leaf.

Peru, Brazil, and Colombia signed a border cooperation agreement in February that targets, among other types of illegal border activity, trafficking in drugs and precursor chemicals.

**Extradition.** A new U.S.-Peru extradition treaty went into effect in August 2003. In 2004, Peruvian authorities approved requests to extradite two narcotics traffickers from Peru to the United States. One is serving a sentence in a Peruvian prison and will be extradited upon completion of his sentence. The other is a fugitive. Department of Justice teams visited Peru in 2004 to assist Peruvian extradition experts in preparing effective documentation, with the result that processing time is decreasing.

**Agreements and Treaties.** Peru is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention as amended by its 1972 Protocol. Peru also is a party to the UN Convention against Transnational Crime and its three protocols. Peru also is a party to the Inter-American MLAT Convention and the Inter-American Corruption Convention. An extradition treaty is in force between the United States and Peru.

**Corruption.** As a matter of policy, the GOP does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substance, or the laundering of the proceeds from illegal drug transactions. No senior official of the GOP is known to engage in, encourage, or facilitate the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. The U.S. Department of the Treasury in July designated Fernando Zevallos—founder of the Peruvian airline AeroContinente—as a narcotics kingpin. Alleged connections between Zevallos and GOP officials are under investigation.

## IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** The USG continues to encourage the GOP to focus its counternarcotics operations in the major drug source zones in the Upper Huallaga/Monzon Valley and Apurimac/Ene Valley. The Peruvian National Police receive USG assistance to increase police presence and their operational activity in these areas by fortifying existing police bases and establishing two police training academies.

Peru has held joint border counternarcotics operations with its neighboring countries including Chile, Bolivia, and Brazil. The 2004 International Drug Enforcement Conference held in Peru brought together law enforcement representatives from 65 countries to work on money laundering, regional chemical initiatives, and the use of the Internet to carry out drug trafficking.

With U.S. Embassy support, DIRANDRO commanders and field elements have participated in extensive mid-level operations-management training. In August 2003, two basic training academies were established at the Mazamari and Santa Lucia police bases in the source zones. Candidates for these schools are recruited from local communities. Each school will train classes of approximately 200 cadets a year. The first class will graduate in March 2005. Graduates will be assigned to DIRANDRO units in the source zones. These schools have already increased police presence in the Upper Huallaga/Monzon and Apurimac/Ene Valleys.

**Riverine/Port Security Programs.** Law enforcement efforts in 2004 focused on maritime and port investigations/interdictions that produced record-breaking cocaine seizures, including a fishing vessel with approximately four (4) tons of cocaine base intercepted at sea in March and 700 kilograms of cocaine HCl packed in frozen squid in a cargo container destined for Mexico in November. Additional information identified other cargo containers previously shipped out in the same manner to Mexico, with a linked seizure in December of 900 kilograms of cocaine in squid shipped from another Peruvian port. The USG is continuing to work with the GOP to enhance its capability to identify and inspect suspect cargo shipments.

The fledgling National Port Authority (APN) made very significant advances in promoting the timely attainment of International Ship and Port Security (ISPS) requirements. The GOP will need to extend this effort into 2005 in order to complete port security audits and re-certifications and pursue the U.S. Customs and Border Protection (USCBP) container security initiative (CSI). The GOP is working closely with the USG to develop a Customs Mutual Assistance Agreement (CMAA) and a viable and sustainable port and cargo security program in the Port of Callao and other seaports.

U.S. support for the Riverine Program is currently limited to maintenance support for existing infrastructure. The lack of effective cooperation among the Peruvian National Police (PNP) and the Peruvian Coast Guard (PCG) and prosecutors undercut the program.

**USAID Alternative Development Efforts.** The Alternative Development portfolio (ADP) is a multi-sector approach to making coca reduction sustainable through improving local governance, strengthening rule of law, and increasing the economic competitiveness of coca-growing areas. Since October 2002, over 27,000 families have voluntarily eradicated 7,271 hectares of coca including almost 2,500 hectares of coca in 2004.

This past year, the ADP supported legal productive activities on almost 20,000 hectares, increased local sales by over \$3.4 million, built or rehabilitated 134 schools, health posts and water systems, 205 kilometers of road, 12 bridges and irrigation projects, and brought electrification to six communities and is continuing work on over 100 other projects. In addition, the more than \$30 million rehabilitation and maintenance of 170 km of the Fernando Belaunde Highway has already reduced transportation time for legitimate agricultural products by 8 hours between the Huallaga Valley and national markets. Over 2005, the ADP will continue to employ voluntary eradication to expand contiguous coca-free geographic areas via voluntary eradication agreements. More than ever, these efforts will be closely coordinated with law enforcement efforts in order to ensure that program expansion is achieved within the context of the broad counternarcotics strategy. Concurrently, the ADP will initiate activities to facilitate the transition of recently coca-free areas to sustainable legal development based on private sector activity and local/central GOP commitment to establish and maintain an appropriate level of state presence and investment in the areas.



# Peru Statistics

(1995–2004)

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
<b>Coca</b>										
Net Cultivation (ha)		31,150	36,000	34,000	34,100	38,700	51,000	68,800	94,400	115,300
Eradication (ha)	10,339	11,313	7,000	3,900	6,200	13,800	7,825	3,462	1,259	0
Cultivation (ha)		42,463	42,000	37,900	40,200	52,500	58,825	72,262	95,659	115,300
Leaf (Potential Harvest) (ha)		—	52,700	52,600	60,975	69,200	95,600	130,600	174,700	183,600
HCl (Potential) (mt)		—	140	140	154	175	240	325	435	460
<b>Seizures</b>										
Coca Leaf (mt)	845	132.9		13.8	55.0	164.3	132.9	146.8	99.1	33.4
Coca Paste (mt)		—	—	—	—	—	—	—	—	—
Cocaine HCl (mt)	7.11	3.25	3.7	2.77	2.70	3.59	1.70	2.30	1.01	7.65
Cocaine Base (mt)	5.70	3.76	8.7	5.71	9.01	6.65	19.70	8.80	18.68	15.00
<b>Total Cocaine (mt)</b>	<b>12.81</b>	<b>7.01</b>	<b>12.4</b>	<b>8.48</b>	<b>11.70</b>	<b>10.24</b>	<b>21.40</b>	<b>11.10</b>	<b>19.69</b>	<b>22.65</b>
Heroin (mt)	0.912	.004	—	.004	.002	—	—	—	—	—
<b>Aircraft (items)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>11</b>	<b>7</b>	<b>22</b>

# Uruguay

## I. Summary

Uruguay is not a major narcotics producing or transit country, but increased poverty due to an economic recession which ended in mid-2003, and its strategic location, make it vulnerable to increased trafficking. Drug seizures went up geometrically from 2003 to 2004. Efforts to fight trafficking and domestic consumption are relatively effective, although law enforcement agencies and drug programs have limited resources. Current areas of concern include increased marijuana, heroin, and cocaine seizures, and consumption of highly addictive, cheap cocaine paste from Bolivia. Although port security and customs services are being slowly upgraded, limited inspection of containers at maritime ports, and the possible use of free trade zones for the movement of drugs, precursors, and other contraband remain vulnerabilities. Uruguay is a party to the 1988 UN Drug Convention.

## II. Status of Country

Uruguay is not a major narcotics producing or transit country, but increasing poverty is making it prone to infiltration by foreign drug traffickers. Colombian, Argentine, and Brazilian traffickers are increasingly using the international airport to smuggle heroin, while European traffickers are using the local mail to smuggle small quantities of cocaine. Cruise ship passengers and merchant marine sailors are also suspected of smuggling small quantities of narcotics. Some Uruguayans have integrated into Paraguayan drug gangs involved in trafficking marijuana and cocaine paste, and Uruguayans are increasingly being used as couriers. The tri-border area of Paraguay, Argentina and Brazil, which has long been a haven for narcotics traffickers, affects Uruguay, and the long porous border with Brazil lends itself to infiltration. Limited inspection of airport and port cargo is a problem, with Uruguay serving as a transit point for contraband, possibly including chemical precursors, to Paraguay and elsewhere. Although chemical precursor controls exist, they are difficult to enforce.

Domestic drug consumption consists mainly of marijuana that arrives in small planes or overland from Paraguay. However, Bolivian cocaine paste, smuggled through Argentina and Brazil, is increasingly in evidence, and some is being transformed to cocaine in small local laboratories.

## III. Country Actions Against Drugs in 2004

**Policy Initiatives.** The Government of Uruguay (GOU) continues to make counternarcotics policy a priority. President Batlle, whose term ended February 28, 2005, has increased military involvement in anticontraband and trafficking actions, and personally worked to get new anti-money laundering legislation approved in 2004. Uruguay is an active member of the Southern Cone Working Group of the International Conference for Drug Control, and other international organizations fighting narcotics, corruption and crime. In August 2004 Uruguay held the first meeting of the Mixed Counternarcotics Commission agreed on in a broad counternarcotics cooperation agreement signed with Brazil in 1991. The countries vowed to continue police cooperation, analyzed their legislation, and agreed to exchange information on chemical precursors. Uruguay continues to cooperate with the “Gran Chaco” and “Seis Fronteras” initiatives to limit traffic in precursors, and is starting to enter data in the National Data System (NDS) to track chemical precursor trade.

**Accomplishments.** In 2004, Uruguayan authorities made significant heroin seizures at the international airport, dismantled three cocaine paste laboratories in Montevideo, and broke up a cocaine and cocaine paste distribution network between Uruguay and Paraguay. In addition, Uruguay

arrested Brazilian drug lord Arcanjo, who was attempting to set up residence in Montevideo. His extradition to Brazil is pending. In September 2004, the Uruguayan Congress passed new, more effective money laundering legislation.

**Law Enforcement Efforts.** The expertise of the different groups responsible for narcotics-related law enforcement has improved, and they are generally effective. They include Customs, the Police, the Directorate General for the Repression of Illicit Drug Trafficking (DGRTID), the National Directorate for Intelligence and Information (DNII), the Prefectura Naval (Coast Guard), the Military Intelligence Agency (DGID), and the National Drug Secretariat. Coordination remains difficult, however, since most law enforcements agencies report to different ministries. The DNII is now under the direct supervision of the Minister of the Interior and has expanded its assignment to include combating organized crime, contraband, terrorism, and financial crimes. In early 2005, the GOU will award a contract for container scanners at the main port, which will help interdiction efforts. In addition, the consortium that won the contract to operate the main airport plans to build new passenger and cargo terminals that meet international security and safety standards.

**Corruption.** Transparency International rates Uruguay as the least corrupt country in Latin America, and there are no indications that senior GOU officials have engaged in drug production, trafficking, or money laundering. The Transparency Law of 1998 criminalizes various abuses of power by government office holders and requires high-ranking officials to comply with financial disclosure regulations. Public officials who do not act on knowledge of a drug-related crime may be charged with a “crime of omission” under the Citizen Security Law. In April 2003, Public Prosecutor Carlos Garcia Altolaguirre was convicted on bribery charges for receiving money from drug traffickers and suspected money launderers in exchange for early release from jail. One of his colleagues, Pedro Miguel Milano, was imprisoned under similar charges.

**Agreements and Treaties.** Uruguay is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and has signed, but not yet ratified, the UN Convention against Transnational Organized Crime. It is also a member of the OAS Inter-American Drug Abuse Control Commission (CICAD). The United States and Uruguay are parties to an extradition treaty (1984) and a mutual legal assistance treaty (1994), and have signed annual Letters of Agreement under which the U.S. funds International Narcotics and Law Enforcement (INL) programs. Uruguay has signed drug-related bilateral agreements with Brazil, Paraguay, Bolivia, Chile, Mexico, Panama, Peru, Venezuela and Romania. Uruguay is a member of the regional financial action taskforce, Grupo de Accion Financiera de Sudamerica (GAFISUD), of which it held the presidency in 2003.

**Cultivation and Transit of Drugs.** There is no known large-scale cultivation or production of drugs in Uruguay. However, several small marijuana plots were discovered in 2004, as well as small laboratories processing cocaine paste into cocaine. Uruguay is being increasingly used as a drug-transit country. Limited law enforcement presence along the Brazilian border and increased U.S. pressure on traffickers in Colombia, Bolivia and Peru is shifting some smuggling routes south—by private vehicle, bus, and small airplanes. Drug seizures are increasing, but would be even greater if the GOU had more funding for law enforcement equipment.

**Domestic Programs (Demand Reduction).** The GOU remains committed to education and prevention. In 2004, to improve its tracking of drug consumption, the GOU funded studies on the social costs of drug use, drug use in prisons, and the link of drug use to emergency room visits. It also started a register for tracking drug offenses in the prison population. Uruguay’s demand reduction efforts focus on developing prevention programs, rehabilitation and treatment. They are based on a strategy developed cooperatively in 2001 between the National Drug Secretariat, public education authorities, and the Ministries of Interior and Public Health, and include INJU (The National Institute of Youth), the Ministry of Sports and Youth Affairs, INAME (The National Institute of Minors),

municipalities and NGOs. Specific projects are: 1) the “Adventure of Life” program aimed at teaching values and healthy habits to elementary school children, which reached 90 schools in 2004; 2) the “Espacio de Encuentro”—a web page chat forum of the National Drug Council; and 3) the “Centro de Referencia de Drogas”—an NGO program that works with addicted children, adolescents and young adults. The authorities have designated one of the public hospitals as the National Drug Rehabilitation Center, and in 2004 held two training seminars for health professionals on working with drug users. The National Drug Secretariat has sponsored teacher training, public outreach, and programs in community centers and clubs, and in 2004 published a brochure on preventive measures in schools.

### IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** U.S. strategy is to prevent Uruguay from becoming a major narcotics transit and consumption country. In addition, given Uruguay’s pre-recession success as a regional financial center, the U.S. provides assistance to combat money laundering. U.S. support complements GOU counternarcotics efforts. In 2003 and 2004, State Department INL Bureau funds were used for training in money laundering, corruption, and counternarcotics enforcement, and drug education, and for upgrading immigration controls. In previous years, the U.S. provided computers, software, passport scanners, vehicles and other equipment to the GOU to enhance its counternarcotics and anti-money laundering efforts. The U.S. has also funded training on canine handling, and community policing.

**The Road Ahead.** The incoming Broad Front (Frente Amplio) government, set to take office on March 1, 2005, is not expected to significantly alter Uruguay’s drug control strategy. Post will establish a rapport with the new authorities handling counternarcotics issues and highlight to them cooperation efforts to date. We are confident that they will seek USG assistance and continue the productive cooperation of their predecessors. Our emphasis in 2005 will be to continue to tighten Uruguay’s sea, air, and land border controls, educate the public about drugs, and providing counternarcotics enforcement training. For this, INL resources at least at previous year levels will be necessary.

# Venezuela

## I. Summary

Cocaine seizures during the first six months of 2004 equaled the amount seized in Venezuela during all of 2003, thanks in large part to two multi-ton seizures made by Venezuelan task forces that worked closely with USG law enforcement. The GOV also carried out some 400 cocaine and heroin seizures during the first half of the year. Several important cocaine and heroin trafficking organizations were effectively attacked during 2004, and several important extraditions were made.

The essential Organized Crime Bill, for a second straight year, failed to see any progress whatsoever, notwithstanding promises from the National Assembly to complete its second reading and forward the bill to the president of Venezuela by mid-2004. Corruption in law enforcement facilitated some narcotics trafficking; at the judicial level, it sometimes impeded investigations and prosecutions.

Venezuela is a party to the 1988 UN Drug Convention.

## II. Status of Country

A remote and poorly secured 2,200-kilometer border is all that separates Venezuela from Colombia—the world’s primary source of cocaine and South America’s top producer of heroin. Colombian cartels and other smugglers routinely exploit a variety of routes and methods to move hundreds of tons of illegal drugs into Venezuela every year. These routes include the Pan-American Highway, the Orinoco River, the Guajira Peninsula, and hundreds of clandestine airstrips.

On the outbound side, cocaine is smuggled from Venezuela to the U.S. and Europe in multi-hundred kilo to multi-ton lots via maritime cargo containers, fishing vessels, and “go-fast” boats. Multi-kilo loads of cocaine and heroin are routinely smuggled through Venezuela’s commercial airports and mailed through express delivery services to the United States. Colombian guerrilla organizations, such as the FARC, ELN, and AUC, move through parts of Venezuela without significant disruption by the Venezuelan security forces.

## III. Country Actions Against Drugs in 2004

**Policy Initiatives.** A majority of the Mini-Dublin Group ambassadors met with the GOV Vice President, Minister of Interior and Justice, and National Assembly members in January 2005 to discuss the status of the pending Organized Crime bill, which has been frozen in the second reading since November 2002. National Assembly Deputies committed to completing the second reading and forwarding the bill to the president for signature before the end of the first half of 2004. By year’s end, however, the National Assembly had failed to approve any of the bill’s pending 53 articles (the first 97 of the bill’s 150 articles were approved during 2002). In December 2004, the National Assembly declined to accept an invitation to attend, participate in, or to address a regional conference on transnational organized crime in Caracas attended by representatives from six neighboring countries. The Organized Crime Law, which was first proposed in 1999, would resolve the lack of legislation on money laundering, terrorist financing, judicial corruption, and conspiracy, to name a few.

The GOV last year introduced three antiterrorism bills, but much of their content is highly politicized (e.g., defining labor stoppages, pot-and-pan banging by political protesters, and other forms of non-violent political protest to be a form of terrorism). None of these bills will fulfill the requirements of either the UN International Convention for the Suppression of the Financing of Terrorism (1999) or the UN Convention Against Transnational Organized Crime (the Palermo Convention—2000).

The 1999 Penal Procedures Code (COPP) changed the legal system from inquisitorial to adversarial. However, with little support from the GOV or within the judicial system and with a public perception that the COPP favored the rights of the accused over those of the victim, the COPP was reformed in 2001. The reformed COPP eliminated some jury trials, facilitated pre-trial confinement, and lessened the “in fraganti” (reasons for arrest) requirements.

**Accomplishments.** **Illicit Cultivation.** In October 2004, the Venezuelan National Guard flew CONACUID (la Comision Nacional Contra el Uso Ilicito de las Drogas) and UNODC (United Nations Office on Drugs and Crime) observers over the Serrania de Perija mountain range on Venezuela’s northwestern border with Colombia. The group detected several small fields of coca and what appeared to be a cocaine base lab, based on similarities to structures and layouts typically observed at Colombian base labs. No eradication operations were conducted in 2004; the last significant eradication operation was conducted in May 2001. Based on historic cultivation patterns and current illicit cultivation on the Colombian side of the Perija, Venezuelan coca and poppy fields probably do not exceed a few hundred hectares each.

**Production.** Over the past few years, a handful of cocaine base processing labs have been detected near Venezuela’s border with Colombia, including one such possible lab in 2004. However, no operations were mounted in 2004 to seize or destroy such labs.

**Transport.** The Government of Venezuela has a strong record on interdicting the transport of cocaine, heroin, and other drugs. Building on consecutive record seizures of cocaine in 2002 and 2003, cocaine seizures for the just first half of 2004 (over 19 metric tons) equaled those for all of 2003.

**Extradition.** Although the Venezuelan constitution precludes the extradition of its citizens to stand trial abroad, the Venezuelan Prosecutor’s Drug Task Force (PDTF) participated in investigations, which led to the indictment, arrest, and extradition from Curacao of Venezuelan heroin trafficker Luis Alberto Ibarra. Ibarra is accused of masterminding the smuggling of over 700 kilograms of heroin from Venezuela to the United States since 2001 and was formally extradited from Curacao and arraigned in the New York in November 2004. In what has become one of the largest joint heroin prosecutions ever, 17 members of Ibarra’s organization, including his chief manager Liddy Moya, have pleaded guilty and are awaiting sentencing in the United States.

On December 7, 2004, the Venezuelan Supreme Court approved the extradition to the United States of two Colombians arrested in Caracas on charges of drug smuggling. One of the criminals, José Maria Corredor Ibague, aka “El Chepe Boyaco,” is one of the most-wanted Andean Ridge drug traffickers. Extraditions are awaiting resolution of sentence assurances.

**Mutual Legal Assistance.** Venezuela has signed a mutual legal assistance treaty with the United States, but it has not yet entered into force.

**Law Enforcement and Drug Transit Cooperation.** With the assistance of DEA advisors and INL/NAS logistical support, the Venezuelan Prosecutor’s Drug Task Force (PDTF) conducted successful investigations and operations throughout 2004.

Developing information first obtained in February 2004, the PDTF conducted a successful operation against the Hasbun narcotics trafficking organization, responsible for multi-ton shipments of cocaine from Colombia to the United States, via Venezuela and Mexico. After four months, the PDTF launched a series of raids in June 2004, seizing a total of over 5.9 metric tons of cocaine from six farms in the state of Guarico, Venezuela. Six traffickers were arrested and 5.5 metric tons of cocaine were seized in the first of three raids on June 9-10. On June 16, an additional 300 kilograms of cocaine were seized from other Hasbun-associated ranches. A third raid on two additional ranches was conducted on June 20, during which PDTF members came under fire from 25 heavily armed traffickers. Seven traffickers were killed in the exchange, 18 captured, and 85 kilograms of cocaine and an assortment of weapons were seized.

In a separate investigation of the Ibarra heroin trafficking organization, the PDTF coordinated the collection of evidence, obtained controlled delivery orders, conducted surveillance, arrested a number of organizational members who gave testimony against Ibarra, and tracked the movements of Ibarra. During the investigation, nine of Ibarra's couriers were arrested at various U.S. destination airports as they transported a total of more than 30 kilograms of heroin.

A similar counternarcotics task force conducted investigations and raids which led to the seizure of 7.6 metric tons of cocaine in February 2004 from a farm in the southern state of Bolivar.

**Precursor Chemical Control.** The GOV participated in Operation Seis Fronteras VI (Operation Six Borders VI) in 2004 and, with assistance from DEA, audited 82 companies for possible diversion of precursor chemicals. Five interdiction checkpoints were also manned. In all, 15 seizures were made, totaling approximately 410 metric tons of chemicals. Seventeen cases were forwarded to the prosecutor general for action.

**Demand Reduction.** The GOV recognizes that drug consumption is high in Venezuela and is working hard to reduce it. There are dozens of private, state, and NGO demand reduction and treatment groups in Venezuela. These are organized into larger associations that meet and cooperate on a regular basis. By law, all private companies employing more than 200 workers must donate one percent of their profit to public awareness and demand reduction programs. There is no shortage of resources in Venezuela for demand reduction.

**Law Enforcement Efforts.** DEA works closely with vetted GOV counternarcotics units. These units continue to be very successful, not only in seizing multi-ton loads of cocaine, but also in breaking apart the organizations that traffic drugs in and through Venezuela. The GOV affords complete operational latitude to these vetted units.

Numerous shortcomings of the judicial system have been identified. At the police investigator level, police are not generally competent to control a crime scene or carry out investigations. At the prosecutor level, many cases cannot be won in the courts because neither the police nor the prosecutors are capable of completing or supervising an investigation. There is a resulting breakdown in public faith in prosecutors due to ineffective criminal prosecutions and corruption. Prosecutors sometimes shrink from taking new cases, wary that political motives or connections may be involved. At the judicial level, prisoners miss their hearings if unable to pay guards to escort them. Missed hearings typically delay cases by months. Incompetence is common among judges in the criminal courts. Judges may delay or request removal from cases with political interest. The closed nature of the legal system encourages judicial corruption, since there is no effective watchdog. The Supreme Court has taken no steps during 2004 to ensure judicial independence or to reduce the number of "provisional" judges.

**Corruption.** Public corruption continued to plague Venezuela in 2004. Two aspects of this problem are particularly damaging to the GOV's narcotics control efforts. First is the complicity of mid-level military officers in the smuggling of drugs through Maiquetia International Airport and possibly other ports of embarkation. Notwithstanding an impressive record of heroin and cocaine seizures, GOV security personnel at Maiqueta are well known for taking bribes in exchange for facilitating drug shipments. Seizures are most likely to occur when pay-offs have not been made.

In one case of particular notoriety in August 2004, three innocent travelers, including a U.S. citizen, were framed and imprisoned for over a month when a surprise inspection detected 189 kilograms of cocaine in unchecked luggage that had been escorted into the plane's cargo hold by Venezuelan National Guardsmen assigned to the Anti-Drug Command. In order to divert suspicion from themselves, they switched the airline baggage tags with those of the suitcases of three innocent travelers. The courts ordered the release of the passengers after more than a month in jail. Several of

the National Guard officials implicated in this case were arrested less than a month later while loading half a ton of cocaine onto a private plane at Maiqueta International Airport.

Some judges dismiss apparently valid cases against narcotics traffickers for seemingly frivolous reasons. The GOV's practice of assigning temporary stand-in judges to narcotics trafficking cases at key points of the trial has resulted in the dismissal of cases and release of numerous narcotics traffickers under suspicious, if not farcical, circumstances.

**Agreements and Treaties.** Venezuela is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Venezuela is a party to the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and its protocol on migrant smuggling. The GOV has also signed a number of important bilateral agreements with the U.S., including a ship-boarding agreement from 1991 (updated with a new protocol in 1997), a Memorandum of Understanding concerning cooperation in narcotics, and a customs mutual assistance agreement. Venezuela's 1999 "Bolivarian" constitution expressly prohibits the extradition of Venezuelan citizens. Previously, Venezuela had only a statutory bar to the extradition of nationals. Given the current political environment, this is unlikely to change in the foreseeable future.

Venezuela is also party to numerous bilateral and multilateral narcotics control agreements, including bilateral agreements with 15 other Latin American and Caribbean nations, as well as one Asian and three European countries. Venezuela is a party to the Inter-American Convention Against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Additionally, Venezuela has entered into two agreements with the European Union. The scope of these agreements ranges from suppression of trafficking and demand reduction to specific controls on money laundering and precursor chemicals.

Elements of Venezuela's private sector are active participants in the U.S. Customs Service's Business Anti-Smuggling Coalition (BASC) program. This program seeks to increase the effectiveness of law enforcement officers in their efforts to deter narcotics smuggling in commercial cargo shipments and conveyances by enhancing private sector security programs. Hundreds of Venezuelan companies, organized into two BASC chapters, participate in the program to eliminate the infiltration of drugs into their legitimate commercial shipments to U.S. markets. BASC is part of DHS's Americas Counter-Smuggling Initiative (ACSI).

**Cultivation/Production.** CONACUID has requested and received help from the United Nations Office of Drugs and Crime (UNODC) to locate and measure the extent of opium poppy and coca crops along Venezuela's Colombian border. An aerial reconnaissance mission in October 2004 detected a **small amount of coca cultivation and what appeared to be a cocaine base lab.**

**Drug Flow/Transit.** Venezuelan authorities reported that cocaine seizures rose: from 14 metric tons in 2001, to 17 metric tons in 2002, and to more than 19 metric tons in 2003. During the first six months of 2004, 353 individual seizures (two per day on average) totaled more than 19 metric tons of cocaine. Heroin seizures have also been strong over the past four years: from 196 kilograms in 2000, to 228 kilograms in 2001, to 563 kilograms in 2002, to 443 kilograms in 2003. During the first six months of 2004, 50 individual seizures totaled 276 kilograms of heroin.

**Domestic Programs (Demand Reduction).** The Venezuelan private sector's extensive participation in demand reduction activities is laudable. The country's largest advertising agencies create, without charge, drug education and prevention messages. The time and space to transmit these messages has been donated by Venezuela's most important media firms. Some 160 messages and US\$90,000,000 of airtime have been provided free of charge by the private sector since 1996.



## IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** Ultimately, the diverse manifestations of narcotics trafficking—cultivation, chemical diversion, production, transportation, smuggling, market development, sale, money laundering—are all operations of organized crime, without which this illegal activity could not be sustained on such a massive scale. The overall USG counternarcotics goal in Venezuela is to disrupt and dismantle narcotics trafficking organizations through numerous policy, law enforcement, and institutional development efforts. Interdiction, in this context, is viewed as a precursor to obtaining and exploiting intelligence information, which in turn may be used to direct criminal investigations and, ultimately, prosecutions and convictions.

**Bilateral Cooperation.** The INL program in Venezuela is grouped into five projects: interdiction, administration of justice, chemical control, money laundering control, and public awareness.

Components of the interdiction project include seaport security, airport security, and border security, with a particular emphasis on shutting down the Tachira-Puerto Cabello cocaine transit corridor. A state-of-the-art cargo inspection facility is under construction at Puerto Cabello and should be fully operational by mid-2005. Two permanent U.S. Customs and Border Protection inspectors were assigned as advisors to the interdiction project in 2004. The expansion of this team's area of responsibility to include the Cucuta (Colombia)-San Antonio de Tachira border point of entry on the Pan-American Highway documented the seizure of over half a ton of cocaine in early December 2004.

The interdiction project also focuses on reducing the flow of heroin and cocaine through Maiquetia International Airport to the U.S. and Europe. X-ray equipment provided by post's INL/Narcotics Affairs Section resulted in near-daily drug seizures at Maiquetia, including a record heroin seizure of 66 kilograms in May 2004.

Components of the administration of justice project include extensive support for the Prosecutor's Drug Task Force, training, and the purchase of 160 computers to run the Prosecutor General's new Case Management System at field offices around the country. Extensive work was also done under this project to install two interconnected local area networks of computers at the Venezuelan drug czar's offices in Caracas.

Also in 2004, the embassy's INL/Narcotics Affairs Section undertook a landmark study to document and analyze Venezuela's 2003 cocaine and heroin seizures. A number of deficiencies and limitations in the current law enforcement and judicial system were discovered or better understood, and seizure report errors for 2003 were corrected.

**The Road Ahead.** In 2005, the USG plans to expand its support into several new areas, including the development of a drug intelligence fusion and analysis center, the initiation of riverine interdiction operations on the Orinoco, and the construction of a centralized storage and incineration facility for the safeguarding and destruction of seized drugs.

In order to demonstrate success in adhering to its international counternarcotics agreements, Venezuela needs to make substantial efforts to improve in five critical areas:

- **Pass the Organized Crime Law.** This is fully in the hands of the National Assembly, which has not progressed in the second reading of the bill beyond article 97 out of 150 since November 2002. When passed, the Ley Organica Contra la Delincuencia Organizada (LOCDO) will define and criminalize such activities as money laundering, conspiracy, official corruption, illicit enrichment, trafficking in persons and terrorist financing, as well as authorize such law enforcement tactics as undercover operations and controlled deliveries.
- **Effectively Attack Corruption.** Eliminate the culture of corruption at Maiquetia Airport. Procedural improvements need to be made to guard against officials seeking

profit from drug trafficking and alien smuggling, but the real solution lies in Venezuelan leadership and political will. A vetted airport unit with U.S. advisors would help. Areas of particular concern to the USG involve drug trafficking, document falsification, migrant trafficking, framing of innocent American citizens and other nationalities, and the potential for smuggling terrorist munitions aboard aircraft departing Maiquetia Airport for the U.S. and other destinations. Reduce the potential for judicial corruption by abolishing the practice of bringing in temporary stand-in judges to narcotics trafficking cases at critical junctures of the trial. Temporary judges (known as “jueces accidentales”) should not have authority to dismiss cases or release defendants in drug trafficking cases.

- **Crack Down on Document Fraud.** Venezuela needs to create a law enforcement branch within its immigration service (DIEX) to investigate document fraud and trafficking in persons. Venezuela also needs to automate the process of passport applications and issuance with a system that provides audit trails and which is cross-linked with the citizen identification card database, installed on a wide area network (WAN) to permit queries from around the country.
- **Enforce Court-Ordered Wiretaps.** The GOV currently has legal authority to order wiretaps, but has consistently failed to enforce its court orders with reluctant cellular phone companies.
- **Eradication.** Conduct opium poppy and coca eradication operations at least annually